THE Business History REVIEW

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By Irene D. Neu
ASSOCIATE PROFESSOR OF HISTORY
AT SOUTHEAST MISSOURI STATE COLLEGE

An English Businessman in Sicily, 1806-1861 *

This account of the activities of an energetic, highly diversified mercantile capitalist illustrates in some detail the world-wide flow of commodities and capital in the early nineteenth century. Aggressive merchandising and sophisticated administration were involved, and one by-product was a rich reservoir of investment capital for developing American industries.

In the year 1853 Erastus Corning, a merchant of Albany, New York, succeeded in consolidating the nine short railways which formed a bridge across his state from the Hudson River to the Great Lakes into one large system, the New York Central Railroad. At the time it was formed, this corporation, capitalized for $23,000,000, was the largest in America. Moreover, in a day when much foreign capital was flowing into the United States, the New York Central was further remarkable in that seemingly with but one exception the holders of its stock were all Americans. That exception was Benjamin Ingham, described in a letter to Corning as "a subject of the Two Sicilies." [1]

Ingham's holdings in the new corporation were considerable. In 1850 he had been listed as the owner of 669 shares in the Utica and Schenectady, one of the stronger of the roads that were to go into the Central. In 1852, the year before the consolidation, he was recognized as the largest stockholder in the whole "Central Line." His holdings in the old companies were exchanged for stock in the new corporation, and during the 1850's his American agent continued to purchase New York Central stocks and bonds. As a result,

* That part of the research for this paper which was carried out in Italy was made possible by a Fulbright Grant in 1954–1955.

[1] Schuyler Livingston to Erastus Corning, New York, May 26, 1854, Corning Papers, Albany Institute of History and Art, Albany, New York; Harry H. Pierce, *Railroads of New York, a Study of Government Aid, 1836–1875* (Cambridge, Mass., 1953), p. 6.

by 1860 Ingham's investment in the Central amounted to $640,600.[2]

Nor did Ingham confine himself to a single American venture. He also held stock in a number of other railroads, while by 1855 he was interested to the probable extent of $100,000 in the St. Mary's Falls Ship Canal Company, a corporation then engaged in constructing a navigable waterway at Sault Ste. Marie, in the upper peninsula of Michigan.[3] It has also been reported that he bought up land in the vicinity of New York City, purchasing it at "agricultural prices" and selling it at "building value." [4]

In describing Ingham as a subject of the Two Sicilies, Corning's correspondent erred. It was true that by 1850 Ingham had been resident in the island of Sicily for almost half a century, that he had married a Sicilian wife, and that "he . . . associated much more with Sicilians and much less with English society" than was the case with other Englishmen in Sicily,[5] but he had always retained his British citizenship and his ties with his native Yorkshire were close. An account of his career might well begin with a consideration of his reasons for establishing himself in Sicily – reasons that are to be found in the political and economic history of the times and in the family background of Ingham himself.

There were Inghams in Yorkshire at least as early as the reign of Charles I. At the time of the Restoration, families of that name were to be found at several places in the West Riding, particularly in the valley of the Calder. They were Nonconformists and could point to at least one of their number who was a clergyman, for there is a record of a "Mr. Ingham" having been ejected from his living as a result of the so-called Black Bartholomew Act of 1662. Another Ingham of that period was a schoolmaster, and another an innkeeper, who, it was reported, died "very rich." Others were house servants.[6] By 1730 William Ingham of Ossett had reached such a de-

[2] Pierce, *Railroads of New York*, p. 6; John V. L. Pruyn Journal (mss.), Vol. I, p. 25, Pruyn Papers, New York State Library, Albany, New York.

[3] Livingston to Corning, New York, July 25, 1854; July 31, 1855; Oct. 1, 1860; Benjamin Ingham, Jr., to Corning, Cleveland, Aug. 18, 1855: Corning Papers.

[4] Tina Whitaker-Scalia, *Benjamin Ingham of Palermo* (Palermo, 1936), p. 13.

[5] Mary Tidman to her sister, Palermo, Jan. 24–31, 1852, in Arthur Clayton Tidman, *In Sicily, 1851–1852* (Oxford, 1927), p. 21.

[6] Oliver Heywood, *Autobiography, Diaries, Anecdote and Event Books* . . . (Brighouse, 1882), Vol. I, p. 36; Vol. II, pp. 9, 147, 193. *Idem, The Nonconformist Register* . . . , edited by J. Horsfall Turner (Brighouse, 1881), *passim.* Samuel Palmer, *The Nonconformist's Memorial* . . . (London, 1775), Vol. II, p. 599. The Nonconformist background of the Inghams was called to my attention by Miss Susan Brooke of London and Cambridge, England.

gree of prosperity that his son went to Oxford,[7] but the father was still described as a "plebian" – the eighteenth century's way of saying that he was not of the gentry.[8] Three-quarters of a century later the descendants of the plebian William are found established as woolen merchants and manufacturers in Leeds, one of the principal cities of Yorkshire, under the title of Ingham Bros. & Co.

The senior partner in the firm of Ingham Bros. & Co. was Joseph Ingham, who had been born in Ossett and had appeared as a cloth merchant in Leeds at least as early as 1791.[9] The father of Joseph is said to have been a maltster, and it is a matter of record that Joseph's brother, William, who remained in Ossett, disposed of a number of malt kilns in his will.[10] However, an uncle of Joseph had been a cloth merchant at Lockwood,[11] and the Smithsons, to whom the Inghams were related, had long been active in the Leeds cloth trade. By 1806 Joseph had been joined in Leeds by his brother Joshua, who had become a member of the firm. In that year Benjamin, the younger brother of the partners, was sent out to Sicily as a representative of Ingham Bros. & Co.

Benjamin Ingham was then only 22 years of age, but he was already a veteran of commercial ventures on his own account. The latest of these had seemingly terminated with the loss of a ship, in which most, if not all, his capital had been invested. The coincidence of a blighted romance apparently pointed up for the young man the attractiveness of foreign strands, and together with the business failure, served to enlist him as an early volunteer in the "army of

[7] The son was Benjamin Ingham, great uncle of the subject of this article. At Oxford he became associated with John Wesley and later in life was the founder of a religious sect known as the Inghamites. In 1741 he enhanced both his fortunes and his social position by marrying the Lady Margaret Hastings, sister of the Earl of Huntingdon. (*Dictionary of National Biography*, Vol. X; *The Life and Times of Selina, Countess of Huntingdon*, by a Member of the Houses of Shirley and Hastings, Vol. I, p. 302; John P. Lockwood, "Methodism in Former Days. No. XXXIII — The Rev. Benjamin Ingham," *The Wesleyan-Methodist Magazine* [London], Fourth Series, Vol. IV, pt. II [Oct., 1848], p. 1,099).

[8] *Alumni Oxoniensis: The Members of the University of Oxford, 1715–1886* . . . arranged, revised and annotated by Joseph Foster (London, 1887–1888), Vol. II, p. 727.

[9] W. B. Crump, ed., *The Leeds Woollen Industry, 1780–1820* (Leeds, 1931), p. 319.

[10] I am indebted to Miss Brooke for this item. The William Ingham referred to here was a brother of the subject of this paper.

[11] Edward Parsons, *The Civil, Ecclesiastical, Literary, Commercial and Miscellaneous History of Leeds, Bradford, Wakefield, Dewsbury, Otley, and the District within Ten Miles of Leeds* (Leeds, 1834), Vol. II, p. 427.

agents" sent out about that time by the Yorkshire cloth merchants in search of new markets.[12]

The need for new markets was critical, for the war with Napoleon had closed most of the ports of Europe to trade with England, while increasing tension between Great Britain and the United States over impressment and other problems was at least a threat to England's textile markets in North America.[13] New outlets were soon to be sought in South America, in both Brazil and the Spanish colonies,[14] but in 1806 the Inghams, at least, appear to have been almost solely dependent upon the European market, and the dispatching of their young relative to the Mediterranean was an attempt to tap that market at a different point.

During the Napoleonic Wars, it will be remembered, a British military contingent occupied the island of Sicily, that pleasant crossroads of the Mediterranean which has been host to so many conquerors. The British occupation, however, was a "friendly" one, designed to keep the island from falling under French control and made palatable by the payment of a subsidy to the king, who had been driven from his possessions on the mainland by the forces of Napoleon. The waters adjacent to Sicily were also under British control. The result was that the island presented a most attractive field for English enterprise. According to an Italian authority, the products of English industry at that time literally invaded Sicily's markets. Those markets were normally small, but during the war years they were greatly expanded by the demands of the occupying force and of the British Mediterranean fleet, while the large sums

[12] Tommaso Giacalone-Monaco, *La Politica del Vino Marsala* (Venezia, 1938), II edizione riveduta, p. 10; Robert Sanderson Whitaker, *Whitaker of Hesley Hall, Grayshott Hall, Pylewell Park, and Palermo. Being Some Family Records Collected and Arranged* . . . (London, 1907), p. 33; Whitaker-Scalia, *Benjamin Ingham*, p. 10.

[13] The fears of the Yorkshire merchants were, of course, justified. A United States statute of December, 1807, was to place an embargo on the departure of all ships, except foreign ships in ballast, from American ports for foreign shores. The embargo was replaced in March, 1809, by a policy of nonintercourse with Great Britain and France. This was continued until May, 1810, with the exception of a short period in the summer of 1809 when trade with Great Britain was permitted. War broke out between the United States and Great Britain in April, 1812, and lasted until December, 1814. See Herbert Heaton, "Yorkshire Cloth Traders in the United States," *Thoresby Society's Miscellany*, Vol. XXXVII, Part 3, p. 246. John H. Reinoehl, "Post-Embargo Trade and Merchant Prosperity: Experiences of the Crowninshield Family, 1809–1812," *Mississippi Valley Historical Review*, Vol. XLII (Sept., 1955), pp. 229–249, presents interesting evidence to the effect that there was a general decline in American trade from 1807 onwards.

[14] Heaton, "Yorkshire Cloth Traders in the United States," p. 246.

of English money that were spent in the island increased the purchasing power of the Sicilians themselves.[15] Moreover, Sicily's geographic position was made to order for those who wished to establish bases from which goods could be sent into the "closed" continent. The long coastline of Italy, the southern coast of France, and the eastern shore of the Adriatic were all easily accessible from Sicilian ports.

> The first cause of the development of the commerce of Sicily was the European state of a general war in the beginning of the present century. . . [reported the American consul at Palermo in 1854]. Then Sicily became with Malta the depot of English trade. From these places the products of the British colonies as well as of British industry were smuggled into the blockaded ports and along the coasts of the Mediterranean.[16]

The result of the war-induced commercial activity in Sicily was that when the British military forces withdrew from the island after 1814, relatively large and powerful English commercial colonies were left behind, principally in the two main seaports, Palermo and Messina. Some of the British merchants, it may be supposed, failed to survive the conversion to peacetime trade and the economic depression which soon overwhelmed Sicily,[17] but others, building upon the foundation which had been laid during the military occupation, remained and flourished. One of the latter group was Benjamin Ingham.

By 1809, a short three years after his arrival in Sicily, Ingham was well established in Palermo, the island's capital city. Palermo at that time still lay within the four-mile circumference of its old walls. Surrounding it on three sides, then as now, was the backdrop of the mountains, while before it stretched the quite unbelievably blue

[15] Rosario Romeo, *Il Risorgimento in Sicilia* (Bari, 1950), p. 189. On the subject of the British occupation see John Rosselli, *Lord William Bentinck and the British Occupation of Sicily, 1811–1814* (Cambridge, England, 1956).

[16] Julius C. Kretschmar to William L. Marcy, Palermo, April 1, 1854, Consular Letters, Palermo, Vol. IV, National Archives, Washington. In the latter part of the Napoleonic Wars such trade with southern Italy and the Morea (the southern peninsula of Greece), was permitted by Great Britain, licenses being issued under certain conditions, "so that . . . [British] Vessels, and their Cargoes, shall not be liable to capture by Our Ships of War or Privateers. . . ." (Copy of instructions, signed by George III, to William Pitt, Lord Amherst, dated Nov. 7, 1809, F. O. 165/1, Public Record Office, London.) There was also encouragement of the trade by the enemy. See Ivan Avakumovic, "An Episode in the Continental System in the Illyrian Provinces," *Journal of Economic History*, Vol. XIV (Summer, 1954), pp. 254–261.

[17] Kretschmar to Marcy, Palermo, April 1, 1854, Consular Letters, Palermo, Vol. IV, National Archives.

Tyrrhenian Sea. Numerous domes and towers crowned the city, but, in the opinion of a perceptive observer of the period, such architectural magnificence did little to relieve "an air of tawdry want." Tradesmen of all sorts carried on their business in the narrow lanes, while the congested population (claimed to total 300,000) caused the same observer to exclaim that the crowds in the streets were much beyond anything he had seen elsewhere.[18] To complete the picture, he might have added a few words descriptive of the epidemics which frequently spread through the town. A place more unlike Ingham's native Yorkshire would be difficult to imagine.

In 1809 Ingham was still acting as agent for his family's concern, Ingham Bros. & Co. of Leeds, but he was also dealing on his own account not only in cloth but in other English and colonial goods as well and was exporting the produce of the island.[19] Doubtless many of his shipments found their way to the blockaded continent. In 1811 "B. Ingham & Co." appeared as one of thirteen British firms in Palermo petitioning the British consul at that place to protest a recently imposed Sicilian tax,[20] so it would seem that by that time Ingham had acquired a partner. From the records which have come to light, it is impossible to reconstruct his activities in Palermo during the next two decades, but it is to be assumed that his business and his influence grew steadily, for by 1833, when John Henry Newman visited Sicily, Ingham was recognized as one of the commercial leaders of the island. "We dined last Tuesday," Newman wrote to his sister in February of that year, "at Palermo with Mr. Ingham, one of the principal British merchants." [21]

By that time Ingham had branched into the diversified activities which were characteristic of the merchant princes of his period, whether they were operating on the Atlantic seaboard in the United States, in one of the great port cities of the British Isles, or in the Mediterranean. This means that not only was he an importer and exporter, but he also owned several ships which plied between Sicily and England and Sicily and America. These, together with vessels which he chartered as need arose, carried goods for his Palermo

[18] John Galt, *Voyages and Travels in the Years 1809, 1810, and 1811; Containing . . . Statistical, Commercial, and Miscellaneous Observations on Gibraltar, Sardinia, Sicily, Malta, Serigo, and Turkey* (London, 1812), pp. 19–20.

[19] Whitaker-Scalia, *Benjamin Ingham*, p. 10.

[20] Petition dated at Palermo, Feb. 24, 1811, F. O. 70/45, Public Record Office, London.

[21] Letter dated at Naples, Feb. 17, 1833, in Anne Mozley, ed., *Letters and Correspondence of John Henry Newman during his Life in the English Church . . .* (London, 1891), Vol. I, p. 346.

concern and for other Sicilian, English, and American mercantile houses. In turn, he sometimes sent shipments in the vessels of the English and American merchants with whom he traded. In Palermo he carried on an undifferentiated wholesale-retail trade in a variety of products. Like his counterparts in the United States, he engaged in the land mortgage business and performed banking services. And whereas a merchant in England or America might be financially interested in one or more textile factories or iron mills, Ingham as early as 1812 set up a winery at Marsala, on Sicily's western coast.[22]

The scope of Ingham's activities in the middle of his third decade in Sicily may be judged from a letter which he wrote to his nephew, Joseph Whitaker, whom he left in charge in Palermo when he himself made a trip to England in the spring of 1830. The letter contains detailed instructions regarding Ingham & Co.'s foreign trade. It gives some intimation of the scope of the concern's mortgage business, which was spread throughout the island. It refers to the sulphur mines in which Ingham was jointly interested with Prince Pantelleria, a Sicilian. It gives directions concerning the extent to which the nephew might speculate in the native produce "when new crops come in." It refers to the wine establishment at Marsala (and to a separate set of instructions concerning it), and gives advice regarding the purchase of staves for barrels. It deals with problems in relation to "the Feudo," a "valuable and extensive" estate that was owned by Ingham in the vicinity of Vallelunga, on the road between Termini and Enna, and refers also to another plot of some 580 acres that he had recently purchased in the province of Caltanisetta, in the middle of the island. Finally, the letter gives precise directions as to the conduct of affairs in the counting room during Ingham's absence.[23]

At that time wine was the principal product that the house of Ingham & Co. was exporting to England. Sulphur was shipped as ballast, and the firm also sent rags, sumac, and olive oil to the English market, but only, Ingham reminded his nephew, "to find employment for our own vessels or to make up cargoes for the Vessels which we may have to take up in order to execute our orders for Wine." A representative of the firm who was sent to the British Isles in 1837 seems to have been exclusively concerned with obtaining or-

[22] Whitaker, *Whitaker of Hesley Hall . . . and Palermo*, p. 33; Whitaker-Scalia, *Benjamin Ingham*, *passim*.

[23] Benjamin Ingham to Joseph Whitaker, Palermo, April 12, 1830. The letter appears in its entirety in Whitaker-Scalia, *Benjamin Ingham*, pp. 37–52.

ders for the product of the Marsala establishment.[24] During the decade of the 1830's, Ingham & Co.'s principal imports from England were textiles, coal, iron, copper, and tinplate. In the following decade, also, coal from England continued to form a large item of import, the Ingham vessels returning quite regularly to Palermo with a cargo of this description.[25]

To judge from Ingham's letter to his nephew, the firm's shipments to the United States in 1830 were rather more varied in content than its shipments to England, although here, too, wine was the most important item. However, in addition to wine – some 300 pipes [26] of which, according to Ingham's direction, were to be sent to America during the half year from April to October, 1830 – Ingham & Co. was also shipping to that market sulphur, sumac, rags, barilla (soda ash used in the making of soap and glass), manna (a product of a Sicilian tree valued for medicinal purposes), licorice paste, almonds, and olive oil. By 1834, the Ingham concern had entered into the fruit trade with America, but only on a small scale.[27] In this decade the principal article that the firm was importing from the United States was barrel staves, some of which were sold through its Palermo house, but most of which were utilized in the Ingham wine establishment, one of the largest, if not the largest, in Sicily.

The winery at Marsala dated from 1812.[28] Ingham was not the first Englishman in that place, nor was he a pioneer in commercial wine making there. It is reported by an Italian writer that about the year 1770 one John Woodhouse, the son of a Liverpool merchant, established himself in Marsala with the idea of developing a commerce, particularly in barilla, with his homeland. According to this authority, Woodhouse was so agreeably impressed with the high alcoholic content of the wine that was produced in the area that he foresaw the possibility of creating a type in imitation of Madeira, a wine which was already well-known and liked in England. The fact that he was apparently no stranger to the system of preparing the famous wines of Spain and Portugal leads to the speculation that Woodhouse may have lived in the Iberian penin-

[24] Richard Grepheus [?] to Ingham, London, Sept. 14, 1837, copy in possession of Professor Salvatore Fiorino, University of Catania, Catania, Italy.

[25] See, for instance, arrivals of vessels as reported in *Gazzeta de' Saloni*, Palermo, Aug. 29, Sept. 25, Sept. 26, Oct. 3, 1846.

[26] One pipe equaled 93 imperial gallons or 112 U. S. gallons.

[27] Benjamin Ingham, Jr., to Ingham, Boston, Dec. 22, 1834, Fiorino Collection.

[28] Whitaker, *Whitaker of Hesley Hall . . . and Palermo,* p. 33.

sula before his appearance in Sicily.[29] In any event, soon after his arrival in the island he was buying the local wine from individual producers and was "improving" it for export. This was the beginning of Marsala as a wine center. Early in the Napoleonic Wars Lord Nelson entered into a contract with Woodhouse & Co. for supplying wine to his fleet, which was then cut off from its usual supply of sherry. The Marsala product found favor with the British officers and as a result its reputation grew in England. From time to time other Englishmen came to settle in Marsala and in nearby Mazara del Vallo and to follow the example of Woodhouse. For some years, however, no one appeared to challenge the leadership of the Woodhouse establishment.[30]

Ingham arrived late on the scene but profited greatly from the experience of his predecessors. Moreover, he acted with admirable intelligence. Before committing himself to the Marsala venture he sent an associate to Spain and Portugal not only to learn the latest methods of wine making there, but also to study the marketing methods of the most successful producers.[31] This associate was perhaps one "Mr. Stephens" who was the original resident manager of the Marsala concern, and a partner with Ingham in it.[32] There is no question, however, that Ingham was the decision-maker. When his preparations were complete, he built a *baglio* [33] almost in the shadow of Woodhouse's and entered into competition with him.

A description of the English *baglii* at Marsala reflects the unsettled social conditions outside the larger cities of Sicily at the time that Ingham was operating there. Due to the danger of assault from

[29] Giacolone-Monaco, *La Politica del Vino Marsala*, pp. 7–8. During the first six decades of the 18th century there was a brisk trade between England and Portugal, English merchants exporting woolens to their compatriots who had established themselves there and receiving wine in part payment. By the 1770's French competition had seriously interfered with this exchange. Lucy Stuart Sutherland, *A London Merchant, 1695–1774* (London, 1933), pp. 17–18.

[30] Giacolone-Monaco, *La Politica del Vino Marsala*, pp. 8–9, 11. There is a facsimile of a contract of March 19, 1800, between Nelson and Woodhouse in an undated, unpaged advertising brochure which was distributed by Woodhouse & Co. some years ago.

[31] Giacolone-Monaco, *La Politica del Vino Marsala*, p. 10.

[32] John Barlow to Samuel and William Woodhouse, Marsala, Feb. 3, 1828 (letterbook copy). In the 1830's Ingham was regularly sending a partnership account to Richard Stephens in London (Stephens to Ingham, Aug. 20, 1834), while as late as 1863 the Marsala concern was still known as Ingham, Stephens & Co. (Ingham & Whitaker to Ingham, Stephens & Co., Palermo, April 23, 1863). All letters cited in this note are in the archives of the Florio Company, Marsala, Italy.

[33] *Baglio* is a Sicilian word, said to be a corruption of the Latin *vallum*.

brigands, the wine establishments, stretching along the harbor at a distance of a mile or so from what is today Marsala's Garibaldi Gate, had the appearance of garrisons rather than of business houses. According to a contemporary observer, "The . . . enclosure of the [Ingham] Baglio, with its high blank windowless wall, and its loop-holed towers . . . gave more the impression of a fortified post, than a wine establishment."[34] The walls of the *baglii* enclosed very large areas, for they encompassed not only the buildings in which the wine was processed and the vaults where it was stored, but also flower and vegetable gardens, poultry yards, and even fields of wheat and small vineyards. The Ingham *baglio* also sheltered a house in which Benjamin Ingham, during the early period of his residence in the island, lived during many months of the year. The wife of a later incumbent remembered it as a rather uncomfortable place "with the trying fumes of the fermented grapes and the noise of the workers, hammering at the cooperage, and rolling out the heavy barrels of wine. . . ."[35] But others recalled many delightful evenings when the Englishmen of the *baglio* and their ladies sat on the wide wall above the gate enjoying the cool breeze that blew in from the Mediterranean. Travelers who passed that way remembered the "truly English" hospitality that was dispensed at the *baglii*.[36]

The little, sun-baked, half-Oriental city of Marsala is some 55 miles distant from Palermo by modern road. In Benjamin Ingham's day, however, there was no road,[37] and the wise traveler, finding a ship available, went by sea. But whether by land or water, the journey was hard and time-consuming. It was therefore necessary

[34] Tidman, *In Sicily*, p. 75.

[35] Whitaker-Scalia, *Benjamin Ingham*, p. 22.

[36] Tidman, *In Sicily*, p. 75; George M. Trevelyan, *Garibaldi and the Thousand* (London and New York, 1909), pp. 231–232.

[37] As late as 1824 the carriage road out of Palermo in the direction of Marsala went only as far as Alcamo, about 30 miles. Beyond Alcamo there was a "pretty good" mule path to Trapani on the west coast, and from there a path of similar description to Marsala. (*Travels through Sicily and the Lipari Islands, in the Month of December, 1824*, by a Naval Officer [London, 1827], pp. 50, 70.) By 1851 the road had been extended to Trapani, and "the engineering part" of "a great artery" from that place to Marsala had been completed, but the stones remaining in the roadway were "of such Cyclopean dimensions as to be trying alike to the carriage and the rider." (Tidman, *In Sicily*, p. 76.) When Garibaldi led his troops from Marsala toward Palermo in the spring of 1860, he found a paved road stretching only a few miles in the direction of Calatafimi. His men went forward to meet their Royalist opponents along "a mere track." (Trevelyan, *Garibaldi and the Thousand*, p. 243.)

that Ingham have someone to leave in charge either in Palermo or in Marsala when he was absent from one place or the other. In the beginning, the problem had been solved by the presence in Marsala of his partner, Stephens, but sometime prior to 1830 Stephens returned to England.

By that time Ingham's business had grown to such an extent that it was often necessary for him to journey to Naples or to England, or to send a representative to those places. Further, his commitments in America were expanding and it was advisable from time to time to send someone across the Atlantic. These circumstances dictated that, like other businessmen of his day, he had to have trustworthy associates whose interest in his ventures would transcend that of mere employees. Who better to fill such a role than members of his own family? Accordingly, to take Stephens's place, he brought to Sicily from Yorkshire his young nephew, Joshua Ingham, one of the sons of his brother, Joseph, the wool manufacturer and merchant of Leeds. Joshua lived at the *baglio* in Marsala, managing the concern in his uncle's absence, and sending frequent reports to the counting room in Palermo. In the course of time this nephew was admitted as a partner in the Marsala firm. Meanwhile, another nephew, William Whitaker, the son of Ingham's sister, Mary, joined his uncle in Palermo. When William died at the early age of 22, his younger brother, Joseph, took his place and subsequently became a partner in the Palermo concern.[38] A fourth nephew, Benjamin Ingham (who, at least until the time of the elder Ingham's death, always referred to himself as "Benjamin Ingham, Jr."), also linked his fortunes with his uncle.[39] Beginning in the early 1830's and continuing into the 1860's, this nephew made frequent trips to England and America. After his brother Joshua's death in 1846

[38] Joseph Whitaker, born in 1802, married Eliza Sophia Sanderson, the daughter of William Sanderson, an English businessman in Messina. This couple had 12 children, 11 of whom grew to maturity. Three sons — Joshua, Joseph I. S., and Robert Sanderson — in the course of time were to join the Palermo firm, while the five remaining sons were to establish themselves in England. Joseph Whitaker died in Palermo in October, 1884. (Whitaker, *Whitaker of Hesley Hall . . . and Palermo*, pp. 5-10, 34.)

[39] Benjamin Ingham, Jr., born in 1810, married Emily Hinton, daughter of an Englishman who lived in Naples. Of this marriage there was no issue. Ingham, Jr., died in Paris in 1872 and his widow afterwards married General Giacoma Medici, who was described as "Governor" of Palermo. (Whitaker, *Whitaker of Hesley Hall . . . and Palermo*, pp. 33-34; Tina Whitaker-Scalia, *Sicily & England, Political and Social Reminiscences, 1848-1870* [London, 1907], p. 157.)

he seems to have managed the Marsala concern during those periods when he was in Sicily.[40]

By the 1830's, then, the elder Ingham had so arranged things that he had one nephew looking after his interests in Marsala, another to serve as second in command in Palermo, and a third to send on roving commissions. But that was not all; yet another nephew, Joseph Ingham, a brother of Joshua and Benjamin, Jr., was living in the port of Boston in the United States, and had been there at least as early as 1828.[41] Although this nephew was a merchant on his own account, no small part of his time was devoted to looking after his uncle's affairs in the Boston and New York areas.[42]

As was remarked earlier, wine from the Marsala *baglio* was the principal export of Ingham & Co. in the early 1830's. To judge from the complaints of customers, the quality of the wine at that time left something to be desired. In December, 1834, a Boston merchant informed Ingham that the wine which he had sent on consignment was failing to move, partly because of competition from cheaper and decidedly inferior Sicilian wine which was then flooding the American market, but also because of competition from wine bearing the Woodhouse label. The implication was that the quality of Woodhouse wine was superior to the product of the Ingham *baglio*.[43] Three years later an Ingham representative in England, reporting the complaints of merchants there as to the quality of the red wine that had been sent them, stated that in his opinion the complaints were justified. The wine, he wrote, was too thin and dry.[44]

But whatever wine from the Ingham establishment may have lacked in quality was more than compensated for by the aggressive marketing methods of the head of the concern. It was generally conceded that Ingham had created the American demand for the wines of Sicily. The same Boston merchant who complained of the competition of Woodhouse and other Sicilian exporters remarked to Ingham, "as you have made the reputation of 'Sicily' [wine] the

[40] Joshua Ingham died unmarried and was buried in the little English cemetery within the walls of the Woodhouse *baglio* in Marsala.

[41] *The Boston Directory* (Boston, 1828).

[42] William Woodhouse to John Barlow, London, June 8, 1829, Florio Archives. Joseph Ingham died in New York in October, 1833. (Records of the Suffolk County Probate Court, Boston, Mass., Docket No. 30389.)

[43] Alfred Greenough to Ingham, Fiorino Collection. The heading of this letter has been destroyed, but the place and date — Boston, December, 1834 — may be inferred from the contents.

[44] Richard Grepheus [?] to Ingham, London, Sept. 14, 1837, copy in Fiorino Collection.

benefit of your success is reaped by others." [45] One authority claims that Ingham also opened markets in Brazil and Australia.[46] His usual procedure was to send large quantities of wine on consignment, and hence at his own risk, to merchants in the larger cities – Boston, New York, Philadelphia, Baltimore, and New Orleans in the United States – and then to prod his consignees unmercifully, both by letter and through agents, to push its sale.[47] In the winter of 1834–1835 Benjamin Ingham, Jr., was in the United States, ranging up and down the country, visiting the merchants through whom Ingham wine was sold, encouraging them to keep it moving. The following winter he was again in America, and all during the 1840's and 1850's he seems to have made annual or biennial trips to the New World.[48]

Because of his preoccupation with pushing his wine, Ingham was somewhat tardy in taking full advantage of the possibilities of the citrus fruit trade with America. The first shipments of Sicilian lemons and oranges had been sent to the United States as early as 1807.[49] By 1830 this trade was well established, Sicilian ships arriving quite regularly in Boston and New York with large lots of fruit. By the end of 1834 Ingham was taking part in the trade, but only in a small way, usually sending the fruit as he sent wine, on consignment, assuming the whole risk when the prospects for sale were good and apparently sharing the risk by sending shipments on joint account with one of his fellow merchants when the market reports were not encouraging.[50] Early in 1835 Benjamin Ingham, Jr., then in the United States, took it upon himself to commit his uncle's firm to what must have been a fairly large speculation in Sicilian fruit. The exact nature of the venture is not clear, but that the young man expected to be reprimanded is plainly apparent, for he wrote

[45] Alfred Greenough to Ingham, Boston [December, 1834?], Fiorino Collection. See also Giocolone-Monaco, *La Politica del Vino Marsala*, p. 11.

[46] *Ibid.*

[47] Woodhouse wine was sent to the United States perhaps two decades before Ingham's wine appeared there (John Woodhouse to John Woodhouse, Jr., Marsala, March 21, 1805, letterbook copy, Florio Archives), but the sales were small and the product was not aggressively pushed.

[48] Letters written from the United States by Benjamin Ingham, Jr., are to be found in the Florio Archives, in the Fiorino Collection, among the Corning Papers, and in the possession of Miss Brooke.

[49] Citrus fruit as an item of export to the United States is mentioned that year for the first time in the reports of the American consul in Palermo to the Secretary of State. These reports are to be found in Consular Letters, Palermo, National Archives.

[50] Ingham, Jr., to Ingham, Boston, Dec. 22, 1834, Fiorino Collection.

to his uncle: "I am afraid you won't exactly like my entering so into the fruit trade. I would not have done so . . . had I not felt [it] would lead to great result." [51] Young Ingham's hopes were realized. By February, 1836, he had entered into a contract with Daniel Draper of Boston – in his opinion the American who best "understood" the fruit trade – for 1500 boxes of fruit, Draper to put up $2,000 in specie, and Ingham & Co. to advance any further sum that would be required. Draper, who was a partner in Draper & Co. of Boston, was described by young Ingham as having connections also with houses in New York, Philadelphia, and Baltimore. At the time that he reported his agreement with Draper, Ingham, Jr., suggested to his uncle in Sicily that he contract for 100,000 boxes of the next year's crop of oranges and lemons, "which," wrote the young man, "I am confident we shall be able to dispose of either to the Vessels we get to load on Commission, or on our own account, or selling to the vessels coming to Sicily for Cargoes. . . ." [52] From this time Ingham & Co. remained deeply involved in the fruit trade with the United States. In the 1860's the firm was still dealing with the Draper concern (then Draper & Devlin of New York City).[53]

Another New York firm to which Ingham & Co. sent consignments, particularly of wine, was Barclay & Livingston. In agreeing to accept the first shipment from the Palermo house in February, 1837, the New York concern described itself as having "for many years paid particular attention to the sales of Wine," and promised to use every exertion to promote the Ingham product.[54] The connection thus made was to be of first importance to Benjamin Ingham, for one of the members of the American firm, Schuyler Livingston,[55] was to

[51] Ingham, Jr., to Ingham, New York or Boston, Jan., 1835, Fiorino Collection. (The heading of this letter has been destroyed but it is clear from the contents that it was written from one of the indicated cities very early in 1835.)

[52] Extract of the principal contents of a letter from Ingham, Jr., to Ingham, Boston, May 31, 1834, appended to a letter from Ingham to Joseph Whitaker, Harrowgate, England, July 24, 1834; Ingham, Jr., to Ingham, Boston, Feb. 13, 1836: Florio Archives.

[53] Draper & Devlin to Ingham & Whitaker, New York, May 3, 1862, copy in the Florio Archives.

[54] Barclay & Livingston to B. Ingham & Co., New York, Feb. 14, 1837, Florio Archives. A note added to this letter in the handwriting of Joseph Whitaker states, ". . . I have great hopes, this House will be able to introduce our wine into more general Notice in the New York Market, as from all accts they sell more Wine, sale on Commission, than any other ten houses there. . . ."

[55] Livingston, who was born in 1803, entered the employ of Henry & George Barclay when he was 16 years old. In 1824, when he came of age, he was accepted as a partner in the firm, but the name remained unchanged until 1834, when it became Barclay & Livingston. (Joseph A. Scoville, *The Old*

act for twenty years and more as his investment agent in the United States. Livingston's friendship with Erastus Corning, who was president of both the New York Central Railroad and the St. Mary's Falls Ship Canal Company, accounts for Ingham's especially large holdings in those two enterprises.

Trade between Sicily and the United States during most of the nineteenth century was almost a one-way trade. The barrel staves which for many years were the principal article of American export to the island fell far short of balancing the payments for the wine, fruit, and other produce of Sicily which were imported. Therefore, Sicilian merchants such as Benjamin Ingham, who traded on a large scale with America, built up considerable reserves here — reserves which could be transferred to Sicily only by way of London, and then at a "frightful loss" on the exchange.[56] Ingham & Co. preferred to invest its profits from the American trade in the United States. It was these funds which Livingston managed. But considerable as they must have been, they failed to account in full for the huge Ingham investments in American enterprises in the 1850's. During that decade, at least, further sums for investment in this country were placed to Barclay & Livingston's credit with a London house. In June, 1850, a member of the American firm noted such a credit with Heath & Co. of London "in favor of ourselves for £10,000 to be available in event of favorable opportunity offering for investment."

> Our senior [partner] Mr. L[ivingston] is therefore making a most thorough examination of our Stock market, and his first movement has been to offer to purchase \$10,000 of New stock issued by the Michigan Central R R Co towards the completion of their line. . . .

At the same time the writer acknowledged instructions to the effect that all collections made on account of the Palermo house after August of 1850 were to be remitted to Heath & Co. unless "they may be invested to pay not less than 6p$\frac{c}{t}$".[57]

Merchants of New York City [New York, 1899], Vol. II, pp. 72–73.) In describing Livingston, one of his fellow merchants, who usually displayed no scruples in discussing his neighbors' weaknesses, said, "He thoroughly understood his business. He never neglected it. He was careful, prudent and just. . . ." (*Ibid.*, p. 74.)

[56] Ingham & Whitaker to Luigi Monti, Palermo, April 12, 1863, copy in Consular Letters, Palermo, Vol. IV, National Archives.

[57] Barclay & Livingston to B. Ingham & Co., New York, June 10, 1850. A letter of Nov. 2, 1857, from Barclay & Livingston to Ingham & Whitaker acknowledged a credit of £5,000 with Heath & Co., to be used for investments in the United States. Both letters are in the Florio Archives.

The money placed to Barclay & Livingston's credit in London represented some of the profits of Ingham & Co.'s trade with the British Isles — a trade far greater in volume than that company's trade with the United States, although a contrary impression is perhaps given in this article. The emphasis here is on the New World trade partly because of the present writer's point of departure, but principally because a relatively large number of the letters of Benjamin Ingham, Jr., written from America, have been available, while information regarding the firm's trade with Great Britain and Ireland is largely lacking.[58]

Schuyler Livingston continued to act as Ingham's investment agent in the United States until his death in 1861, the year in which Ingham also died. Subsequently, Ingham's heirs placed the management of their holdings across the Atlantic in the hands of the Anglo-American house of W. C. Pickersgill & Co.[59] It was the practice of this firm to send regular reports to Palermo, detailing for their clients the income from their American holdings. A few of these reports survive and from them we have a provocative glimpse of the profits which were being reaped in the 1860's from Livingston's careful selections of earlier dates. On July 5, 1862, collections amounting to $10,000 were credited by W. C. Pickersgill & Co. to "the estate of B. Ingham." Three days later additional collections of $4,876 were reported.[60] No attempt was being made to liquidate the estate; these amounts simply represented income from dividends, coupons, and interest. During the week of October 28 to November 4, 1862, $13,605 in American collections were reported for Ingham's estate and for Ingham & Whitaker.[61]

[58] See footnote 48. The records of the Ingham concern in Palermo were completely destroyed in the Second World War, while those at the *baglio* in Marsala were partially destroyed. The remaining records in Marsala are now in the Florio Archives.

[59] Barclay & Livingston to Ingham & Whitaker, New York, May 6, 1862, copy in the Florio Archives. In 1865 William Cunliffe Pickersgill (1844–1868), a partner in the firm of W. C. Pickersgill & Co., married Sophia Whitaker, one of the daughters of Joseph Whitaker of Palermo. (John Beverley Riggs, *The Riggs Family of Maryland* [Baltimore, 1939], pp. 298–299.) Pickersgill & Co. did not assume the management of the large land holdings in Michigan which were a legacy from Ingham's Sault Canal venture. Erastus Corning had always managed these together with his own and he continued to do so. After Corning's death in 1872, his son, Erastus Corning, Jr., took over the management of the Ingham lands. (Corning to W. C. Pickersgill & Co., Albany, Sept. 21, 1863; Nov. 6, 1869; Corning, Jr., to Townsend Fondey, Albany, July 31, 1873: Corning Papers.)

[60] W. C. Pickersgill & Co. to Ingham & Whitaker, New York, July 5, July 8, 1862, Florio Archives.

[61] W. C. Pickersgill & Co. to Ingham & Whitaker, New York, Nov. 4, 1862,

In 1851, ten years before his death, Ingham had announced his retirement from the active management of "all commercial Affairs," informing his correspondents that the business which had been carried on in Palermo "under the Firm of B. Ingham & Co. will be continued by Mr Joseph Whitaker under the firm of Ingham & Whitaker. . . ."[62] Benjamin Ingham, Jr., also had an interest in the new company.

At the time of his retirement (a "retirement" in name, but apparently not in fact), the sixty-six-year-old Ingham was unquestionably the financial leader among the English businessmen in Sicily. This probably meant that he was the richest man on the island and the most influential commercial figure there.[63] Under date of August 27, 1860, in a letter to the British consul at Palermo, Ingham describes his holdings in Sicily itself and gives some idea of his influence upon the island's economy.

Ingham's letter refers to property of "one kind or other, that I possess in different parts of the Island, part belonging solely to myself, & part to my large Wine Establishments in Marsala, & in other parts of the Province of Trapani, & in the Bosco di Partinico." Again, he refers to "property of lands . . . , Stores, Rents &c &c," in Alcamo, Vita, Salemi, Castelvetrano, and other places, and complains of the state of lawlessness subsequent to the Garibaldian revolution, which made the collection of debts impossible.[64]

Florio Archives. During the 1860's Pickersgill & Co. was remitting funds to Heath & Co. of London for the credit of Ingham & Whitaker. A letter of August 5, 1864, for instance, announces the transfer of £800 to the London house for the benefit of the Palermo firm. (Pickersgill & Co. to Ingham & Whitaker.) This is but one of several letters conveying similar news which are to be found in the Florio Archives. In the same place there is also a number of communications from Heath & Co., confirming the receipt of American remittances.

[62] Circular dated at Palermo, June 2, 1851, signed by B. Ingham, Florio Archives.

[63] "Few Sicilians" an observer had lamented in 1836, "carry on commerce with great energy. The major part of the profits springing from this activity goes into the hands of foreign merchants." (E. Estiller, "*Sul commercio di Sicilia*," in *Giornale di Statistica*, Vol. I [1836], p. 173, quoted in Romeo, *Il Risorgimento in Sicilia*, p. 204. The translation is by the present writer.) In 1839 the exportation of sulphur, Sicily's leading article of foreign commerce, was monopolized by some 15 English firms, while the wine trade, second in importance, was dominated by "the great British merchant-entrepreneurs of Marsala." (*Ibid.*, pp. 204–205.) By the 1850's the pre-eminence of the British merchants was being challenged by Sicilian houses, most notably that of Vincenzo Florio.

[64] Ingham to John Goodwin, Palermo, Aug. 27, 1860, copy in F. O. 70/322, Public Record Office, London. In 1854 the Ingham establishment at Marsala

The vintage is now near at hand, in the result of which I am largely interested [he continued], being the proprietor of vineyards & carrying on an extensive business in wines & the juice of the grape in many parts of the Island. . . . [The] well-being of an Establishment with such large means as mine has, & that supports so many dependents, must necessarily redound to the interests of the Island itself.

Some allowance must be made, of course, for Ingham's overstating his case, but other, more objective evidence of his position and wealth is available. A visitor to Sicily in 1852 referred to him as "the English Croesus" of these parts,[65] while Rear-Admiral Sir George Rodney Mundy, who was in command of the British vessels in the harbor of Palermo during the revolution of 1860, described Ingham as being "in possession of immense wealth in the Island."[66] The size of Ingham's investments in America has already been indicated, and the probability is that his investments in England were also large.

How may the success of Benjamin Ingham be accounted for? In part, doubtless, by the fact that he operated in Sicily at just the right time to insure that success. He began his career in the island under the favorable conditions of a war-stimulated market. Later, he rode the crest of the Sicilian wine, fruit, and sulphur trades. Had he lived a generation or two later, changing tastes and American competition would have cut deeply into his profits.

Secondly, Ingham's success stemmed from his great ability as an imitator and adapter. An innovator he was not, but he was superb at copying the methods of others and in improving upon what he saw. This is well illustrated by his procedure in Marsala, where he followed the pattern laid out by the Woodhouses, but soon excelled them, at least in volume of sales. One of his most successful minor ventures — the bringing of the first cargo of pepper from Sumatra to Sicily in 1839[67] — was another case in point. Here he was follow-

employed 160 men and 30 boys under 16 years of age. (*"Le manifatture ed industrie esistenti nella provincia di Trapani nell' anno 1854,"* in *Dir. Centr. di Stat., fascio* 147, Archives of State, Palermo.) However, large quantities of wine were purchased from the peasants and merely "improved," stored, and prepared for shipment at the *baglio,* so the true number of persons dependent upon the Marsala establishment was far greater than the quoted figure would indicate.

[65] Mary Tidman to her sister, Palermo, Jan. 24–31, 1852, in Tidman, *In Sicily*, p. 21.

[66] Sir George Rodney Mundy, *H. M. S. "Hannibal" at Palermo and Naples, during the Italian Revolution, 1859–61. With Notices of Garibaldi, Francis II, and Victor Emmanuel* (London, 1863), p. 89.

[67] See Ignazio Filiberto, *Relazione del Viaggio del Brigantino Palermitano Eliza da Palermo a Sumatra, Toccanda Boston* (Palermo, 1839).

ing in the wake of the New England merchants and ship captains who had engaged in the Sumatra trade for half a century. However, by bringing the pepper cargo directly to the Mediterranean and thus bypassing an American or British entrepôt, Ingham made a small fortune on a single voyage, and opened a trade which was for a number of years to prove very profitable for him.[68]

Thirdly, Ingham was peculiarly fortunate in that America was an unparalleled field for investment at the time that his trade with this country piled up large reserves here. He was almost equally fortunate in commanding the services of a man of Schuyler Livingston's sagacity and connections.

Another point which should not be overlooked as a factor in his success was Ingham's gift for identifying himself closely with Sicily and the Sicilians. He learned to speak Italian fluently; he cultivated the friendship of Sicilian businessmen; [69] he married a Sicilian wife. This was the Duchess di Santa Rosalia, a widow with four sons, one of the younger of whom grew to manhood in the Ingham villa in Palermo "as a brother" to Joseph Whitaker.[70] Of the marriage of Ingham and the Duchess there was no issue. Nor did any of the sons of the Duchess associate himself with his stepfather in business, doubtless being too much the upper-class Sicilian to consider going into trade. On the other hand, none of the sons inherited any of his stepfather's wealth — Ingham being too much the Englishman for that!

After Ingham's death the Palermo mercantile house and the Marsala wine establishment were carried on by Joseph Whitaker and Benjamin Ingham, Jr., who together enjoyed a life interest in half the income from their uncle's estate.[71] Ingham, Jr., died in 1872,

[68] Whitaker, *Whitaker of Hesley Hall . . . and Palermo*, p. 33.

[69] In October, 1841, the British consul in Palermo reported to the Foreign Office: "A Petition to the King [of the Two Sicilies], praying for the total removal of the Sulphur Duty, has received the signatures of many Mine owners and Merchants. . . . The only English name which appears on the list is that of Mr. Ingham. The other British Merchants have declined signing, as the petition professes to come from *Sicilian* subjects." (John Goodwin to William Temple, Palermo, Oct. 25, 1841, F. O. 165/99, Public Record Office, London.)

[70] Whitaker-Scalia, *Sicily & England*, pp. 138–139. At the time of his marriage in 1837 Ingham was in his 53rd year. His intimate association with the Duchess, however, seems to have predated the marriage by some years, for his only biographer (herself a member of the Ingham clan by marriage), writes that Ingham chose the occasion of his marriage to "regularize his position" with "his friend" the Duchess, who was a member of the Spadafora family, one of the most important families in Sicily. (Whitaker-Scalia, *Benjamin Ingham*, p. 18.)

[71] *Ibid.*, p. 28. Ingham's principal heir was his great-nephew, William Ingham

leaving no children. Whitaker was subsequently joined in the Palermo firm by three of his sons; the last surviving son liquidated the business in 1927. About the same time the Marsala winery was merged with an Italian concern, Florio and Co.[72]

But even today those who are interested can find in Sicily evidence that Benjamin Ingham once lived there. To be seen in the capital city are three or four villas which not too many years ago sheltered Inghams and Whitakers. At least one of these houses with its surrounding gardens still belongs to a member of the Whitaker family. Across the northwestern corner of the island, just outside Marsala, the Ingham *baglio*, its World War II damage repaired, stands looking over the harbor as it stood almost a century ago when Garibaldi and his thousand landed there and old Benjamin Ingham, in Palermo, unaware that he was seeing the end of an era, closed the shutters of his house, prepared to wait out what he was sure would be just another unsuccessful revolution.[73]

Whitaker, the second son of Joseph Whitaker. W. I. Whitaker left Sicily in 1877, settling at Pylewell Park, an estate which he purchased near Lymington, in Southampton, England. (*Ibid.*, pp. 28–29; Whitaker, *Whitaker of Hesley Hall . . . and Palermo*, pp. 19–20.)

[72] Whitaker-Scalia, *Benjamin Ingham*, pp. 30, 32.

[73] When Rear-Admiral Mundy suggested on May 22, 1860, that the English residents of Palermo board a British ship in the harbor, Ingham, then a venerable 76, alone refused to do so. "He felt convinced the Royal troops would be able to maintain order. . . ." But five days later, when a cutter was "specially told off to convey himself and family to the 'Hannibal'," he changed his mind. Then it was too late, and he had to "pay the penalty of his previous obstinacy," for battle broke out before arrangements could be made to leave. Although fighting in the immediate neighborhood was severe, the Ingham villa was respected by both sides. (Mundy, *H. M. S. "Hannibal" at Palermo and Naples. . .* , pp. 89, 111–112, 128, 173–174.)

By Morrell Heald
ASSOCIATE PROFESSOR OF HISTORY
AT CASE INSTITUTE OF TECHNOLOGY

Management's Responsibility to Society: The Growth of an Idea *

Even in laissez-faire days there was a "corporate conscience," well-defined and with active, if limited, manifestations. Over the course of years not only criticism but changing social forces and modifications of the economic system itself exerted a broadening influence on the attitude of American business toward its public responsibilities.

In recent years we Americans have been engaging in a nation-wide "name-the-product" contest: the object, a new, presumably more accurate and more attractive term to describe the nature and performance of our economic system. The venture has, indeed, been something more than a public relations gimmick, more even than a tactical move on the ideological checkerboard of the cold war. While government officials and popular journalists seem, at least for the moment, to have settled upon the term "people's capitalism," social scientists have increasingly turned to the phrase "welfare capitalism" as expressing most adequately the character of contemporary American economic life. We still have our critics and skeptics who argue that the leopard has not changed his spots, but there is apparent a growing belief that the private enterprise system, American style, is a far cry from the laissez-faire capitalism of fifty, or even thirty, years ago.

A prominent aspect of the new capitalism, according to businessmen and nonbusinessmen alike, is the emergence of a "corporate conscience," a recognition on the part of management of an obligation to the society it serves not only for maximum economic performance but for humane and constructive social policies as well. Much has been written about the contemporary manifestations of this aspect of business thought; but relatively little attention, so far, has been paid to its origins and the factors which have contributed

* This article was read as a paper at a meeting of the Humanistic-Social Division of the American Society for Engineering Education at Cornell University on June 17, 1957.

to its growth. It is with the history of this new approach on the part of management to its social relations that this article is concerned. Like many other social phenomena it appears, on closer examination, to be not quite so new as the current upsurge of interest and comment may suggest.

In a notable effort to explain what they saw, in 1951, as the emergence of a humane and socially responsible economic system in America, the editors of *Fortune* magazine described business practices at the turn of the century: ". . . American capitalism seemed to be what Marx predicted it would be and what all the muckrakers said it was — the inhuman offspring of greed and irresponsibility. . . . It seemed to provide overwhelming proof of the theory that private ownership could honor no obligation except the obligation to pile up profits." [1] Yet, a severe contemporary critic of American business of that time, William J. Ghent, was less stringent in his condemnation. Ghent saw, in the large-scale combinations of the day, an economic feudalism comparable to that of the Middle Ages; but he grudgingly admitted that it was at least a "Benevolent Feudalism." He noted an increase in "conspicuous giving . . . always shrewdly disposed with an eye to the allayment of pain and the quieting of discontent." This took the form of contributions by wealthy businessmen to hospitals, colleges, libraries, the construction and maintenance of model industrial communities, and similar philanthropies. Such gifts Ghent attributed to a number of causes. Outstanding among them was a fear of the growing power of the labor movement and a desire to forestall public criticism and regulation of business in the age of Progressive reforms. Further, Ghent saw, growing hand in hand with the power of the industrial magnates, a greater self-consciousness of authority and responsibility. He anticipated that this paternalistic, "seignorial" attitude would ultimately be restrained by "a sense of the latent strength of democracy" and "a growing sense of ethics." He conceded that, ". . . the principle of the 'trusteeship of great wealth' has won a number of adherents. . . . A duty to society has been apprehended, and these are its first fruits. It is a duty, true enough, which is but dimly seen and imperfectly fulfilled." [2]

Most of the philanthropic activities upon which Ghent commented were, of course, those of wealthy individuals rather than of business

[1] The Editors of *Fortune* in collaboration with Russell W. Davenport, *U.S.A. The Permanent Revolution* (New York, 1951), pp. 88, 67.

[2] W. J. Ghent, *Our Benevolent Feudalism* (New York, 1902), pp. 9–47, 59–64, 182ff., *passim.*

corporations as such. These men were following the precepts of Andrew Carnegie, who for years had preached the gospel of the trusteeship of wealth on behalf of the rest of the community. To disarm the mounting criticism of great fortunes and aggregations of economic power which accompanied industrial expansion, Carnegie had proposed the devotion of surplus wealth to "the reconciliation of the rich and the poor – a reign of harmony" among men of all classes.[3] Yet corporations, too, were undertaking the work. During the 1880's and 1890's, the railroads had initiated a policy of financial support for the activities of the Y.M.C.A. among their employees; and this support was gradually broadened to include contributions from other industries as well. Corporate donations to local charities of other types were few, but increasing in number, in the years before the First World War.[4] In many instances these activities and those described by Ghent filled a real need and represented a recognition on the part of employers of an obligation to, and a stake in, the well-being of their workers. Sometimes they were undertaken with even more ambitious objectives in view. The Colorado Fuel and Iron Company, for instance, announced that it was "the purpose of this corporation to solve the social problem."[5] Worthy as these goals might be, their weakness lay in the fact that both "the social problem" and its solution were often defined from the standpoint of the employer without true recognition of the needs and attitudes of others.

Of greater immediate value to the worker than these experiments in "enlightened absolutism" was the increase in interest and attention on the part of management to safety and sanitary conditions in its plants, to payments for accidents, retirement, and death. Such policies were the direct result of labor, public, and political pressures; but they at least implied an obligation on the part of management for the health and welfare of those most directly affected by its operations.

In addition to programs limited in their scope to industrial workers alone, there were a number of companies in the pre-World War I years whose rapid growth, great size, or unique characteristics created special problems of public relations and forced upon their managements the need to obtain the approval of the general

[3] Andrew Carnegie, *The Gospel of Wealth* (Garden City, 1933 ed.), p. 11.
[4] Pierce Williams and Frederick E. Croxton, *Corporation Contributions to Organized Community Welfare Services* (New York, 1930), pp. 50–53, 76–79.
[5] Ghent, *op. cit.*, p. 61.

public. One of these was the Bell System which, in combining a nationwide network of telephone facilities, had assumed many of the characteristics of a public utility. Recognizing the inevitability of government supervision of its business, the Bell management under the leadership of Theodore N. Vail publicly welcomed this regulation. So effective was the effort to humanize the corporation in the eyes of the public that Vail has been ranked as "one of the first leaders of American industry to appreciate the problems of public relations in a farsighted way and to find a basis for their long-term adjustment."[6] The Bell management believed that regulation need not and should not mean direct interference with corporate policies. Through steady emphasis on efficient and economical service and through frequent reports to its shareholders, it strove to demonstrate a conviction on the part of management that, "We feel our obligation to the general public as strongly as to our investing public, or to our own personal interests."[7] A similar policy of fuller reports to stockholders was pursued by the United States Steel Company, whose chairman, Elbert H. Gary, apparently sensed the quasi-public nature of an enterprise of such scope.[8] The Standard Oil management, too, began to modify its traditional position that economic performance alone was the measure of its obligation to society. Under steady attack, Rockefeller and his associates came to recognize that this policy neither convinced nor satisfied the public. Their efforts to win social approval through wider publicity, like those of other managements, were undoubtedly directed more toward public persuasion than toward self-examination. Nevertheless, a new sensitivity to community opinion had begun to take form.[9]

George W. Perkins, an outspoken director of U. S. Steel and International Harvester, held more advanced views. He argued in 1908 that "The larger the corporation becomes, the greater become its responsibilities to the entire community." Economic concentration meant for Perkins that "The corporations of the future must be those that are semi-public servants, serving the public, with owner-

[6] Norton E. Long, "Public Relations Policies of the Bell System," *Public Opinion Quarterly*, Vol. I (Oct., 1937), pp. 6–19.

[7] From the 1913 *Annual Report*, quoted in "Report of the Structure of the Bell System and Some of its Fundamental Principals" (New York, 1922), p. 38.

[8] Ida M. Tarbell, *The Life of Elbert H. Gary: The Story of Steel* (New York, 1925), pp. 138–144; Arundel Cotter, *United States Steel, A Corporation with a Soul* (New York, 1922), pp. 7, 106, 178.

[9] Ralph W. and Muriel E. Hidy, *Pioneering in Big Business, 1882–1911* (New York, 1955), pp. 209–218, 652–663.

ship widespread among the public, and with labor so fairly and equitably treated that it will look upon its corporation as its friend. . . ."[10] He advocated profit-sharing, a national corporation law and at least limited government supervision of large-scale enterprises. Perkins became a close friend and adviser of Theodore Roosevelt and a leader of the conservative wing of the Progressive Party in 1912.

Underlying the appearance of this tentative, but recognizable, concept of social accountability in the Progressive period were two major conditions. The first was the emergence of an economic order based increasingly upon large-scale enterprise with interests which affected an ever-widening circle of citizens. Secondly, popular reaction to this change and the resulting activities of state and national governments led business leaders to see their ultimate dependence upon a favorable social climate and the need for more than economic performance alone in order to maintain that climate.

To these forces a third was added by the advent of the First World War. Not only did the war call forth in extraordinary measure a spirit of self-sacrifice and service to the nation, it also imposed demands for massive social assistance programs. The care and maintenance of an Army, the dislocation of thousands of industrial workers, and the claims upon humanitarianism represented by the plight of many thousands of Europeans created an unprecedented need for organized welfare activities. Business contributions of leadership and funds were substantial and a practice of corporate giving for community welfare programs was firmly established. Even after the enthusiasm and need of the war years relaxed, such support remained a policy of many, though far from all business firms. Postwar conditions brought a decline but not an end to the acceptance of these new responsibilities.[11]

Once the attention of businessmen could be fully devoted to peacetime problems again, it appeared that still further social and economic changes pointed in the direction of new social relationships for management. Among these were the wider distribution of stock ownership and an accompanying increase of management's independence from stockholder control. By the time Berle and Means had produced their classic analysis of this evolution at the end of the 1920's, many businessmen had recognized it and begun to act upon it. Even more important was the acceptance and appli-

[10] George W. Perkins, "The Modern Corporation" (New York, 1908).
[11] Williams and Croxton, *op. cit.*, pp. 56–93.

cation of the principles of mass production and a growing awareness of their broader implications. The dependence of mass production on the creation and maintenance of a mass market had been dramatically demonstrated by Henry Ford. Widely preached by Ford, E. A. Filene, and others, it was somewhat less widely practiced – as later events were to show. Still, the need for an ever-widening market for American industry was sufficiently evident to spark a boom in management's interest in advertising and public relations. With the help of the publicity men, and with obvious intent to maintain the prestige and leadership regained during the war years, "service" became the motto of business in the twenties.

For each of the developments just mentioned precedents can be found in the prewar years. In one major respect, however, the climate of "normalcy" differed notably from the Progressive Era. Business in the twenties was seldom faced with the widespread, organized, and outspoken criticism to which it had been subjected by the age of the muckrakers. On the contrary, although businessmen may have feared a recurrence of government supervision and reform, and while the threat of Bolshevism loomed ominously on the horizons of the timid, for the most part the business community was relatively free in this peaceful decade from effective external pressures and criticisms. Management had the opportunity to define "service" largely in accordance with its own views of the nature and limits of its social obligations.

Speaking in the light of the war experience, John D. Rockefeller, Jr., in 1923 asked:

> Shall we cling to the conception of industry as an institution primarily of private interests, which enables certain individuals to accumulate wealth, too often irrespective of the well-being, the health, and the happiness of those engaged in its production? Or shall we adopt the modern viewpoint and regard industry as being a form of social service, quite as much as a revenue-producing process?

For Rockefeller, the answer was clear; the old order was past. "To cling to such a conception is only to arouse antagonisms and to court trouble. In the light of the present every thoughtful man must concede that the purpose of industry is quite as much the advancement of social well-being as the production of wealth." As Rockefeller saw it, "The parties to industry are four in number; capital, management, labor, and the community." He was prepared to see all four represented in the councils of business.[12] Like

[12] John D. Rockefeller, Jr., *The Personal Relation in Industry* (New York, 1928), pp. 11–21.

Rockefeller, Judge Gary of U. S. Steel saw business as an institution in which each of the "parties" had a stake and an interest. Gary, as a representative of the emerging management class, however, placed his own group in a special relation to the other three. Management stood in a "position of balance" between the other claimants and must reserve to itself the final determination of their interests.[13] Owen D. Young of the General Electric Company, also, spoke of his position as "trustee" for the various interests affected by corporate policy in terms which anticipated the business outlook of the 1950's. In addition to the rights of stockholders and employees, "Customers have a right to demand that a concern so large [as General Electric] shall not only do its business honestly and properly, but further, that it shall meet its public obligations and perform its public duties . . . in a word, vast as it is, that it should be a good citizen." [14]

Henry Ford, too, emphasized service to the community, "service before profit"; but service to Ford meant primarily the increase of production and productivity. This was the greatest contribution business could make to the national welfare. Industry devoted to this kind of service, Ford wrote, ". . . removes the need for philanthropy. Philanthropy, no matter how noble its motive, does not make for self-reliance. We must have self-reliance. A community is the better for being discontented, for being dissatisfied with what it has." [15] The argument that mass production itself was the major contribution of business to social health was presented most persuasively by Edward A. Filene. Filene agreed that "Real service in business consists in making and selling merchandise of reliable quality for the lowest practically possible price, provided that the merchandise is made and sold under just conditions." Production for the masses forces recognition of the essential interdependence of business and society:

> We cannot distinguish between the old and the new capitalism by saying that one gives service whereas the other did not. Business has always given service to someone; and it has given some sort of service, often, even to those whom it robbed and cheated and exploited. It is the discovery that it pays to give service, and that it pays best to give the greatest possible service to the greatest possible number, which is now not only revolutionizing business but revolution-

[13] Elbert H. Gary, "Principles and Policies of the United States Steel Corporation" (n.p., n.d., 1921), pp. 5–6. See also Alfred P. Sloan, Jr., "Modern Ideals of Business," *World's Work* (Sept., 1926), pp. 694ff.

[14] Quoted in J. D. Glover, *The Attack on Big Business* (Boston, 1954), p. 338.

[15] Henry Ford in collaboration with Samuel Crowther, *My Life and Work* (New York, 1922), pp. 20, 206, 208–210.

izing the whole world in which we live. . . . What is new is the discovery that the machinery of modern business does make the whole world one, that we are all "members one of another," that no individual and no group can be independent of others, but that we are mutually dependent and must, if we are to give expression to our very will to live, go in with all our heart for mutual service.

Service was, thus, not only a legitimate objective, it was the essential means to profit under mass production. Filene rejected "mere benevolence," yet, in almost the same breath, he found business committed to "the liberation of the masses . . . the inevitable goal of mass production. . . ."[16]

No doubt the ideas of those cited here were atypical of business thought in the twenties. Certainly these were men whose station and responsibilities made them especially conscious of their relationship to the public. Most businessmen probably thought of public relations in terms of convincing consumers of the merit of their products and citizens of the correctness of their economic views and practices. No clear and agreed-upon philosophy of corporate responsibility for community welfare had yet emerged, but new criteria for business policy were winning attention. As noted earlier, one of the conditions which characterized the predepression decade was the virtual absence of effective external criticism of business performance. The debate over the social consequences of business policy had become, in effect, a monologue. In part this was a tribute to the success of business statements and policies in persuading the public that the general interest was, in fact, being served under the new dispensation. In any case, the lack of external criticism was compensated for with a vengeance after 1929.

The depression of the thirties convinced many Americans, rightly or wrongly, that the new prescriptions for business responsibility had been largely intended for public consumption and "not to be taken internally." Dissatisfaction and disillusionment with business performance reached new levels of bitterness. And the public policies growing out of this climate of opinion have played a central part in the more careful examination of the issues which has characterized business thought in recent years. Without examining in detail the contemporary situation, we can safely assert that today

[16] Edward A. Filene, "A Simple Code of Business Ethics," *Annals of the American Academy of Political and Social Sciences*, Vol. CI (May, 1922), pp. 223–228; *Successful Living in This Machine Age* (New York, 1932), pp. 79ff., 196.

we have more strongly entrenched potential critics of business performance than ever before — largely as a result of the public disenchantment of the New Deal days. Still, recently, the critical voices have once again seemed muted and restrained. Attacks on business and its policies are seldom heard, and still less frequently listened to.

Our review of a half century's evolution in the thinking of American businessmen on the subject of their social role and responsibilities has, I believe, shown that two chief categories of causes are involved. Primary, of course, have been the internal factors in industrial growth: the development of large-scale enterprise spanning the nation in its activities and concerns, the unification of the labor force, the application of mass production and the growing awareness of its dependence upon an ever-widening circle of willing and able consumers, and the capital requirements of an expanding economy leading to widespread stock ownership and a redefinition of the role of management. A second group of factors, external to the direct processes of industrial growth, has also been of major importance. Among these factors have been the traditional values of individualism and equality of opportunity which entered into the antitrust movement and the continuing suspicion of the power of collective wealth, the idealism and spirit of service growing out of wartime experience, the growing political power of organized labor and other nonbusiness groups, the acceptance of the principle of the ultimate responsibility of government for social welfare in those areas where private efforts fail, and the involvement of the United States in a world-wide struggle of democracy with totalitarianism in its various forms. It would take a fine scale, indeed, on which to weigh the relative importance of these two types of influences. But the record suggests that, in the past, external criticism, sometimes even irresponsible criticism, of the social consequences of business policies, has made a vital contribution to management's acceptance of a larger concept of obligation to the community.

In 1951, Frank W. Abrams, chairman of the board of Standard Oil of New Jersey and one of the most active and effective exponents of current management thought, wrote: [17]

> . . . management's responsibility, in the broadest sense, extends beyond the search for a balance among respective claims. Management, as a good citizen, and because it cannot function properly in an acrimonious and contentious atmosphere, has the positive duty to work for peaceful relations and understand-

[17] Quoted in Glover, *op. cit.*, pp. 338–339.

ing among men — for a restoration of faith of men in each other in all walks of life.

But is there not at least an equal grain of wisdom in Henry Ford's apparently cantankerous and self-centered statement, "A community is the better for being discontented, for being dissatisfied with what it has?"

By David H. Stratton
ASSISTANT PROFESSOR OF HISTORY
AT BAYLOR UNIVERSITY, CURRENTLY
AT UNIVERSITY OF WYOMING

Behind Teapot Dome: Some Personal Insights*

Teapot Dome has long stood in the public mind as a conspicuous symbol not only of political corruption but of degenerate business morality as well. An examination of the charges against Albert B. Fall, therefore, though necessarily concerned with political and personal rather than business data, touches the interest of students of business history, whose natural concern lies in identifying the factual basis for incidents which have become part of the folklore of American business.

In the summer of 1956 the Democrats assembled in convention at Chicago and the nation's television and radio audiences heard fervent assertions, amidst a barrage of Bible-Belt platitudes, that the Republican Party from 1920 until that time had offered "nothing better than Teapot Dome – the great depression – Nixon, Dixon and Yates, as well as Benson and McCarthy. . . ."[1] Although the results of the 1956 election revealed considerable disagreement with this assessment of Republican contributions in the last thirty-six years, the first item mentioned, the Teapot Dome naval oil controversy, not only epitomizes for most historians the corruption of the worst of all presidential administrations, that of Warren G. Harding, but also represents the blackest mark of corruption on the Republican Party in this century.[2] Teapot Dome has become a part of American political folklore, and the man most responsible for it,

* A condensed version of the article was read as a paper at the Mississippi Valley Historical Society meeting in April, 1957, at Lincoln, Nebraska. Professor Stratton is currently writing a book about Fall and Teapot Dome.

[1] Copy of keynote speech made at the Democratic National Convention in Chicago, Aug. 13, 1956, by Governor Frank G. Clement of Tennessee, sent to the writer by Clement.

[2] E.g., John D. Hicks and George E. Mowry, *A Short History of American Democracy* (Boston, 1956), pp. 679–680; Richard Hofstadter, *et al., The United States; The History of a Republic* (Englewood Cliffs, N. J., 1957), pp. 630–631. See also Samuel Lubell, *The Future of American Politics* (New York, 1952), p. 239.

Albert B. Fall, is usually considered an archtraitor, only slightly less despicable than Benedict Arnold.

Teapot Dome was established as a symbol of political corruption, with Fall as the Republican villain, in the election of 1924, and has reappeared as a campaign issue at four-year intervals ever since. In 1924 the Republicans, needing a scapegoat for the iniquity of the Harding administration, pointed smugly at prominent Democrats, such as William G. McAdoo, who had also been entwined in the oil controversy and settled upon Fall as the Republican to bear all the blame. The Democrats, on the other hand, realized the utility of Teapot Dome in their efforts to pin the corruption label on their opponents and, with some difficulty, nourished it through that election and the campaign of 1928 as well.[3] It was not enough to win either contest for them, but, as Cordell Hull, the Democratic national chairman in 1924, afterwards observed, it was a "windfall" for his party.[4] And, with the aid of the extended, sensational litigation which followed the congressional investigation of Fall's oil deals, Teapot Dome was continually in the headlines for almost a decade. Such long and concentrated attention fixed the oil controversy in the Democratic repertoire.

As a result of Teapot Dome, Albert B. Fall's reputation suffered a sudden and devastating eclipse. He had served nine tempestuous years in the Senate when his fellow senator and close friend, President-elect Harding, named him for the Cabinet in 1921. Fall had been exploiting the natural resources in the Southwest and in Mexico as a prospector, practical miner, mining investor, farmer, and rancher for nearly forty years. His belief in the unrestrained disposition of the public lands was as typically Western as his black, broad-brimmed Stetson hat and his love of fine horses. He was a remnant of an extravagant age, the nineteenth century, when the natural resources had been unlimited and open for unrestricted exploitation.[5] Consequently it should not have been surprising that

[3] See J. Leonard Bates, "The Teapot Dome Scandal and the Election of 1924," *The American Historical Review*, Vol. LX (Jan., 1955), pp. 303–322; Roy V. Peel and Thomas C. Donnelly, *The 1928 Campaign; An Analysis* (New York, 1931), pp. 52–71.

[4] Cordell Hull, *The Memoirs of Cordell Hull* (2 vols.; New York, 1948), Vol. I, pp. 114–115.

[5] For accounts concerning Fall's life see David H. Stratton, "Albert B. Fall and the Teapot Dome Affair" (Unpublished doctoral dissertation, Department of History, University of Colorado, Boulder, 1955); by the same author, "President Wilson's Smelling Committee," *The Colorado Quarterly*, Vol. V (Autumn, 1956), pp. 164–184, and "New Mexican Machiavellian? The Story of Albert B. Fall," *Montana, The Magazine of Western History*, Vol. VII (Oct., 1957), pp. 2–14.

after becoming Secretary of the Interior and rather surreptitiously assuming control of certain naval oil lands, he negotiated agreements with two petroleum magnates, Harry F. Sinclair and Edward L. Doheny, for the tapping of Teapot Dome Naval Oil Reserve in Wyoming and Elk Hills Naval Oil Reserve in California, both set aside for the Navy's use only in case of emergency. The astonishing part came later. First in 1924, and later in 1928, a Senate investigating committee, guided by Senator Thomas J. Walsh of Montana, revealed that Fall had received personally at least $404,000 and assorted livestock from the two oilmen, Sinclair and Doheny.[6]

Because of the Teapot Dome scandal, a term which became the popular appellation for the irregularities in the leasing of both the Wyoming and California reserves, Fall was broken in health, reputation, and finances. Old and ill, the former Secretary of the Interior went to prison in 1931 for accepting a $100,000 bribe from Doheny, and became the first American Cabinet officer ever convicted and imprisoned for a felony committed while in office. The oil debacle obscured his prior prestige; all he had left was a tainted past. Only a few remembered his fearlessness and character of earlier days. There were many who never had a high opinion of Fall, but even at the time of his death in 1944, when the ignominy had been piling up for years, a popular periodical assessed his career with near accuracy by stating, "The ugly chapter in Fall's life could not have been foreseen by the public. His reputation for honesty, integrity, and fearlessness had been impeccable."[7] Ex-Senator Henry Fountain Ashurst, an Arizona Democrat whose service in the Senate paralleled Fall's, was astounded when the evidence against his former colleague started appearing. "I was amazed and it seemed to me a monument of manhood toppled when he fell."[8]

[6] The hearings of this committee and its findings are in U. S. Senate, *Leases Upon Naval Oil Reserves*, Hearings Before the Committee on Public Lands and Surveys Pursuant to S. Res. 282, 294, and 434, 67th Cong., and S. Res. 147, 68th Cong. (Washington, 1924); U. S. Senate, *Leases Upon Naval Oil Reserves*, Report No. 794, 68th Cong., 1st Sess. and 2d Sess. (Washington, 1924 and 1925); U. S. Senate, *Leases Upon Naval Oil Reserves*, Hearings Before the Committee on Public Lands and Surveys, 70th Cong., 1st Sess., Pursuant to S. Res. 101 (Washington, 1928); and U. S. Senate, *Investigation of Activities of Continental Trading Co.*, Report No. 1326, 70th Cong., 1st Sess. (Washington, 1928).

[7] *Newsweek*, Vol. XXIV (Dec. 11, 1944), pp. 38, 40.

[8] Ashurst to the writer, Nov. 1, 1956. Senator Ashurst expressed the same opinion at the time the Teapot Dome committee was revealing the ruinous findings. See entry in Ashurst's diary, Jan. 16, 1924. Microfilm copy in University of Arizona Library, Tucson.

On the other hand, many of Fall's contemporaries, with the advantage of hindsight and the fear of splattering oil, attempted to give the impression in both written and public statements that he, Fall, had always been a villain, even before Teapot Dome, and some of his more prominent associates of earlier years went so far as to try to conceal their former respect and admiration for him.

An index to the papers of President Calvin Coolidge, who as Vice President sat in on meetings of the Harding Cabinet and presided over the Senate when the resolution to instigate the Teapot Dome inquiry was discussed and passed, is now in the Library of Congress along with the Coolidge manuscripts. This index was formulated while Coolidge was in the White House, and it contains several references relevant to Teapot Dome, but most of the important files bearing upon this subject, described in the index, cannot now be found among the Coolidge papers.

About a year after Fall left the Senate to become Secretary of the Interior, Senator Henry Cabot Lodge asserted that Fall's departure to the Cabinet had been a serious loss to him because they had become good friends.[9] Later Lodge edited his correspondence with Theodore Roosevelt as his last literary effort. His most recent biographer, Professor John A. Garraty, observes that the first manuscript of this work contained some flattering references to the former New Mexico senator. But before it went into print the oil scandal broke. Lodge did additional editing; he went through the manuscript and eliminated every mention of Fall. Lodge evidently did not want it known he had been a friend of the man who was accused of defrauding the government in the sensational Teapot Dome affair.[10] On the other hand, Roosevelt, who had died in 1919 before the naval oil controversy erupted, had described Fall as "the kind of public servant of whom all Americans should feel proud," and had also stated, "For two or three years Senator Fall has been on the whole, with the possible exception of Senator Poindexter, the man with whom I have been able most cordially to co-operate among all of the people at Washington. He has done capital work in the Mexican business." [11]

[9] Lodge to Mrs. Albert B. Fall, Feb. 15 [1922]. This letter is among the correspondence files, papers, and documents held by the Fall family; hereafter cited as Fall Family Papers.

[10] John A. Garraty, *Henry Cabot Lodge: A Biography* (New York, 1953), fn. 6, p. 421.

[11] Roosevelt to Fall, June 17, 1916; to Bronson Cutting, Aug. 8, 1916, in Elting E. Morison, *et al.*, eds., *The Letters of Theodore Roosevelt* (8 vols.; Cambridge, 1951–54), Vol. VIII, pp. 1065, 1097–1098.

Ex-President Herbert Hoover, who was Secretary of Commerce in the Harding administration, has also been plagued by Teapot Dome. The oil leases were apparently discussed in Cabinet meetings, and, according to Fall, "Mr. Hoover and myself were rather more than friendly during our association in the Cabinet." Soon after the death of Harding, Fall returned from Russia, where he had advised Sinclair on oil matters, and the ex-Secretary of the Interior and his wife had dinner with the Hoovers, but the two men had no communication after this social engagement in the late summer of 1923.[12]

There were those who said Hoover must have known about the manipulations in the Interior Department and should have exposed them.[13] This was enough to put him under a cloud and link him, as the Republican presidential candidate, to Teapot Dome, the corruption issue in the election of 1928. Also, Hoover had written a warm farewell to Fall when he resigned from the Interior Department in March, 1923, saying that this agency had "never had so constructive and legal a headship as you gave it" and expressing the hope that Fall would soon return to public office.[14] Fall published the letter in a series of syndicated newspaper articles he wrote just before going to prison in 1931, thus adding another coal of fire on the depression President's head.[15]

Hoover does not admit any friendship with Fall and disclaims any knowledge of his wrongdoing. Yet the former President's prominence in the Republican Party is one of the main reasons the Democrats still find Teapot Dome an effective campaign barb. This can be illustrated by an event of recent years. In 1952, when Hoover hurled charges of corruption at the Truman administration, he was immediately confronted by the Democrats with the words he wrote Fall in 1923 and his association with the Harding administration.[16]

Lodge's and Hoover's "poor memory" concerning their esteem for Fall prior to Teapot Dome does not absolve him of any guilt in the

[12] Fall to Frank J. Hogan, Sept. 15, 1930, Fall Family Papers.

[13] Samuel Hopkins Adams, *Incredible Era; The Life and Times of Warren Gamaliel Harding* (Boston, 1939), pp. 303–304.

[14] Hoover to Fall, Mar. 12, 1923. Photostat of original, Fall Family Papers.

[15] Fall with Magner White, in a series of fifteen articles for the North American Newspaper Alliance, which appeared in July and August of 1931. The final article quoted the Hoover letter verbatim. In the *El Paso* (Texas) *Times*, Aug. 2, 1931.

[16] Herbert Hoover, *The Memoirs of Herbert Hoover* (3 vols.; New York, 1951–52), Vol. II, pp. 47–48; *New York Times*, Feb. 24, 1952.

naval oil transactions. The collapse of Fall's reputation did not come, however, until some nine months after his resignation from the Cabinet.

Some of those critical of Fall's record on Indian rights, conservation, and Mexican affairs had been unhappy about his appointment as Secretary of the Interior. Yet Senator Walsh, later the spearhead of the investigation into Fall's handling of the Navy's oil reserves, wrote to congratulate the Secretary-designate. He added, "As you know, this position is scarcely second in importance to that of the presidency, so far as the material interests of the people of our State are concerned."[17] President-elect Harding, who had wanted to name Fall Secretary of State until dissuaded by Republican leaders, had insisted that his friend join the administration. A month before Fall took office he wrote his wife about Harding's offer:[18]

> He thinks that the Interior Department, is second only to the State Department in importance and that there is more opportunity for graft and scandal connected with the disposition of public lands &c, than there could be in any other Department, and he wants a man who is thoroughly familiar with the business and one he can rely upon as thoroughly honest. . . .

Although there was a possibility that the designation of Herbert Hoover as Secretary of Commerce might be challenged by the Senate, the opposition did not materialize, and the entire Harding Cabinet was approved following a surprise personal appearance by the new President to present the list of nominations. Fall's name drew a spontaneous burst of applause, and his appointment was uniquely confirmed without the formality of referring it to a committee.[19]

While in the Department of the Interior, Fall was often under fire, just as he had been in the Senate. His proposals for the national parks and forest reserves brought him into heated controversy with Stephen Mather, Director of the National Park Service,

[17] Walsh to Fall, Feb. 26, 1921, Fall Family Papers.

[18] Fall to Mrs. Fall, Feb. 4, 1921, Fall Family Papers.

[19] *New York Times*, Mar. 5, 1921; *The Chicago Daily Tribune*, Mar. 5, 1921; Associated Press report in *The Rocky Mountain News* (Denver), Mar. 5, 1921; *Congressional Record*, 67th Cong., Special Sess., pp. 6–7 (Mar. 4, 1921); Mark Sullivan, *The Twenties*, Vol. VI of *Our Times: The United States 1900–1925* (6 vols.; New York, 1926–35), fn. 7, pp. 146–147. Senator Robert M. La Follette of Wisconsin may have intended to oppose Fall's appointment had not President Harding's surprise appearance happened. Belle C. and Fola La Follette, *Robert M. La Follette* (2 vols.; New York, 1953), Vol. II, pp. 1024, 1041.

and Secretary of Agriculture Henry C. Wallace, and with conservationists such as Gifford Pinchot. His sponsorship of legislation concerning Pueblo Indian lands likewise drew criticism.[20] And the Senate had hotly debated his oil transactions and authorized the investigation of them ten months before Fall's voluntary resignation in March of 1923. At the time he left public life, however, no evidence of corruption in the Interior Department had been revealed, and his integrity was generally unimpugned, although he probably had more enemies than the average politician who has served for eleven years in offices on the national level. Then came the revelations of the Senate inquiry.

Fall defended his personal acquisitions from Sinclair and Doheny as legitimate loans and normal business transactions having no bearing on his leasing policy for the naval oil reserves. The livestock had been sent by Sinclair without Fall's specific approval. The first $35,000 from Sinclair constituted a loan and a reimbursement for expenses incurred while accompanying the oil millionaire as an adviser on a trip to Russia for negotiations regarding petroleum concessions. He had made this trip after resigning from the Cabinet and with President Harding's blessing. As for $233,000 in Liberty Bonds, that was Sinclair's payment for a one-third interest in Fall's New Mexico ranch, and the last $36,000, in cash, from the same source had been obtained as "a line of credit" for operating expenses and improvements on the ranch in which Sinclair had invested. Although Doheny, his old friend of frontier days, had some difficulty producing the promissory note bearing his signature, Fall maintained that the $100,000 Doheny had sent him in a little black bag was a regular loan.[21]

In arguing that his personal financial affairs had not influenced his leasing policy in the Interior Department, Fall asserted that the government, and not he, had been the sole beneficiary during his administration of the Navy's emergency oil supply. His agreements with the two oil magnates allowing them to drill on the

[20] Robert Shankland, *Steve Mather of the National Parks* (New York, 1951), pp. 221–224; Russell Lord, *The Wallaces of Iowa* (Boston, 1947), pp. 225–229; *New York Times*, Mar. 12, 1922; Robert Sterling Yard, "New Mexico Aflame Against Two Bills," *The Outlook*, Vol. CXXXIII (Jan. 17, 1923), pp. 124–125.

[21] Fall expressed this line of defense many times, especially when he was tried for accepting a bribe in 1929. See *United States of America vs. Albert B. Fall*, Criminal No. 42304, In the Supreme Court of the District of Columbia, "Transcript of Proceedings," Vol. VIII, pp. 799–806, 815–860; Vol. XI, pp. 1367–1513. There are seventeen volumes of these typewritten transcripts; copies in Teapot Dome File, Justice and Executive Section, National Archives.

Wyoming and California reserves had saved these leaky underground reservoirs from drainage through private wells on adjoining fields. His program envisioned preservation of the oil for future use in above-ground storage tanks, as well as making it immediately available to the Navy whose top brass were nervously anticipating an attack by the Japanese in the Pacific. Through Fall's arrangements with Sinclair and Doheny, the short-funded Navy, pinched by the economies of postwar isolationism, could exchange its crude oil in the Wyoming and California reserves for refined oil at several Atlantic, Caribbean, and Pacific ports, principally in the Pacific area. Fall took special pride in the Doheny agreement which would not only provide fuel oil, but which also required his friend's company to construct extensive naval storage facilities at Pearl Harbor as well.[22]

After the Teapot Dome controversy broke, Fall wrote Doheny, "[Secretary of the Navy Edwin] Denby may have been actuated solely by fear of war with Japan. I was actuated: primarily, by a sense of responsibility in the matter of saving the Navy its oils [that is, from drainage]; and secondarily, to place the same in a form and in places where they could be utilized." [23] When Pearl Harbor became America's last major stronghold and the nerve center of the Pacific in World War II, Fall was convinced that his thwarted efforts to build a great fuel depot there twenty years before had been vindicated.[24]

These explanations have been attacked ever since as nothing more than frail coverings for shocking graft and corruption in public office. Although Fall always had his warm partisans, in the eyes of the country as a whole he died in 1944 a discredited public servant. No matter what explanations may be presented, his acceptance of the money from Sinclair and Doheny while holding a public trust was reprehensible and foolish, and he must have known the possible implications. Obviously this was much worse than accepting a five-pound ham or a free railroad pass, as public officials had sometimes done.

Actually it is difficult, however, to fix the degree of his guilt. Taking the money was clearly wrong, but were the oil deals a sinister, well-conceived plot in which Fall brazenly bargained with

[22] See articles by Fall for North American Newspaper Alliance, numbers five, six, seven, ten, and twelve. In *El Paso Times*, July 23, 24, 25, 28, 30, 1931.

[23] Fall to Doheny, July 31, 1925, Fall Family Papers.

[24] Mrs. Fall to H. V. Kaltenborn, National Broadcasting Co. news commentator, Dec. 16, 1941, Fall Family Papers; *El Paso Times*, Dec. 1, 1944.

the highest bidders to rob the nation of valuable natural resources affecting the national security? Or, was he guilty of a serious indiscretion in his personal transactions with the two oilmen? The former is doubtful and would be difficult to prove from the record. Because of his conservation views, and for this reason alone, Fall no doubt would have turned over the reserves to Sinclair and Doheny anyway, or to some other representatives of private enterprise. Such an attitude made bribery unnecessary.

As for the $100,000 from Doheny, on which Fall's bribery conviction was based, it appears likely that Fall's old friend of prospecting days would have loaned him the money regardless of the oil leases, if only to secure his services and his knowledge of Latin-American affairs after he retired from the Cabinet. Fall later explained it this way to Frank J. Hogan, Doheny's chief counsel in the naval oil litigation: [25]

> I have never been able to make myself believe that Mr. Doheny had the remotest idea of influencing my official actions by making me a loan of $100,000. I was egotistical enough to believe at the time, and I have always held the same opinion, that knowing of the pending developments of oil, and other possibilities of American companies in Venezuela and Colombia, as well as that development which was continuous in Mexico . . . , that he was desirous of securing my services in connection with his operations because of my supposed knowledge of Latin-American laws and customs . . . , and I believed and yet believe that if Mr. Doheny was influenced in making this loan by anything other than pure friendship and the fact he was possessed of unlimited resources, that such influence was through the desire to have a first call upon my services when I went out of official life.

Doheny made a hobby of hiring ex-Cabinet officers, whether Republicans or Democrats. After resigning from his post in the Harding administration, Fall had assisted Doheny in several enterprises, and he was to have started his official employment with the oilman January 1, 1924, at a salary of about $50,000 a year.[26]

As mentioned previously, Fall always contended that $233,000 of the money coming from Sinclair had been for the purchase of a one-third interest in his New Mexico ranch, and that the remainder came as loans and in payment for advisory services. In 1928, when Sinclair was tried for conspiracy to defraud the government, a jury agreed with this contention and acquitted the oil magnate. Ex-

[25] Fall to Hogan, Jan. 21, 1929, Fall Family Papers.

[26] *Leases Upon Naval Reserves* (1923–24 hearings), pp. 274, 1014–1015, 1704–1705, 1771–1883, 1918–1932; *New York Times*, Nov. 28, 1923; Fall to Henry A. Wise, July 1, 1925; to Doheny, July 31, 1925; to Frank J. Hogan, Jan. 21, 1929, Fall Family Papers.

plaining the controversial verdict, one member of the panel declared:[27]

> Although the Government counsel made a good impression they did not prove Sinclair conspired with Fall to lease the property [Teapot Dome]. If Fall had wanted to sell the lease it seems to me that he would have gone after at least $2,000,000 and would not have accepted $233,000, as he could have gotten more.

Of course many challenged the jury's verdict. Senator George W. Norris of Nebraska was one of these. "Sinclair has too much money to be convicted. We ought to pass a law that no man worth $100,000,000 should be tried for a crime. That at least would make us consistent."[28]

Extensive civil litigation forced Sinclair and Doheny to return the naval oil lands to the government, but Fall's bribery conviction in 1929 for accepting the $100,000 as what he said was a loan from Doheny was the federal prosecution's only notable accomplishment in the various criminal cases. This lone conviction of significance came after Fall and Doheny had already been jointly acquitted of conspiracy to defraud the government and a jury had handed down the same verdict for Sinclair on a similar charge. In the 1929 bribery trial the court also admitted for consideration evidence regarding the former Secretary of the Interior's financial arrangements with Sinclair. In effect, the jury was burdened with determining whether Fall had been an unfaithful public servant, not necessarily with deciding if the government had suffered injury because of his actions.[29] The emphasis on this clear-cut issue, to the virtual exclusion of the complicated drainage problem and related technicalities, presented to the everyday-citizen jury a question they could understand. The verdict was guilty, and Fall, by this time old and ill, was taken to prison in an ambulance in 1931.

Since this conviction labeled the $100,000 as tainted money, it seemed reasonable to assume that another jury would look at Doheny's part in the money exchange the same way. But in 1930 the oilman was acquitted of giving Fall a bribe. Judge William Hitz, who had also presided in the Fall bribery trial, told the jury to disregard the previous conviction.[30]

[27] *New York Times*, April 22, 1928.
[28] *Ibid.*
[29] Francis X. Busch, *Enemies of the State*, Notable American Trials series (Indianapolis, 1954), pp. 162–163.
[30] *United States of America vs. Edward L. Doheny*, Criminal No. 42305, In the Supreme Court of the District of Columbia, "Transcript of Proceedings,"

Even if Fall had a corrupt intention in connection with that transaction, it does not follow that Doheny had the same intent. You are here to find what was in Doheny's mind, not what was in Fall's mind. And unless you are convinced beyond a reasonable doubt that at the time that Doheny sent the $100,000 mentioned in evidence to Fall he had in his own mind a corrupt intent to bribe Fall . . . , then it is your duty to return a verdict of not guilty.

The jury, not being psychologists or mind readers, acquitted on the first ballot. Public servant Fall was guilty of taking a $100,000 bribe, while oil millionaire Doheny was innocent of giving a bribe in the same transaction. Evidently the nation expected a higher code of ethics for its public servants than for its millionaires.

Fall's personal financial arrangements with Sinclair and other information, which had been admitted as evidence against the ex-Secretary of the Interior, had been excluded from the Doheny trial. Also, a different federal statute from the one used against Fall had been involved in the Doheny trial, and each law emphasized the intent of the person concerned. But still the last jury's decision, according to *The Nation*, tended "to shake confidence in the operation of our law." [31] One of the government prosecutors, Atlee Pomerene, declared that the jury system in the District of Columbia, where both cases were tried, had fallen down because of the intelligence of the jurors available to decide such complex cases.[32] *The New Republic* optimistically maintained that despite the verdict Doheny was still guilty before the bar of public opinion, "and largely because of that fact, the easy morality of Harding's day has disappeared." [33]

Fall himself would never admit he was guilty of graft or corruption, nor would his immediate family. His wife waged a spirited crusade of vindication until the day she died. The Fall papers contain no evidence of a corrupt oil plot with either Sinclair or Doheny. But written material of this sort, if any, is seldom preserved in correspondence files. As with every public servant, Albert B. Fall must stand responsible for the record of his administration in the Interior Department, and plainly he was one who insisted on being master in his own realm. Yet he did not negotiate the complicated contracts and leases singlehandedly or without the

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Vol. IX, p. 1611. There are ten volumes of these typewritten transcripts; copies in Teapot Dome File, Justice and Executive Section, National Archives.

[31] *The Nation*, Vol. CXXX (April 2, 1930), p. 382.

[32] Pomerene to Benjamin Tuska, April 29, 1930, Teapot Dome File, National Archives.

[33] *The New Republic*, Vol. LXII (April 2, 1930), pp. 174–175.

knowledge and aid of his own subordinates as well as members of the Navy Department, several of whom testified to the worthiness of the transactions. The failure to encourage competitive bidding and to announce publicly the Teapot Dome and Elk Hills deals until congressional pressure was exerted, however, cast suspicion on these negotiations.[34]

Whatever his motivations in the oil episode, Fall's worst blunder, besides taking the money itself, was writing a letter in December, 1923, to the Teapot Dome investigating committee in which he declared that the $100,000 from Doheny had come instead from another close friend, Edward B. McLean, a playboy newspaper owner, and that he had never received any funds from the two millionaire oilmen. This falsehood, he said in 1928, was "the only thing in the world" he regretted about the whole affair except "the suffering of my poor wife and daughters." [35] The letter was intended, of course, to end the inquiry before Senator Walsh discovered the real source of Fall's affluence.

When Walsh had found evidence of oil-splattered money and had called on the former Secretary of the Interior to explain the origin of these funds to the committee, Fall had sent word he was ill and had not appeared. Various fellow Republicans, including Senators Reed Smoot and Irvine L. Lenroot of the investigating group, had unsuccessfully implored him to defend himself and the integrity of the Republican Party by testifying where he had obtained the $100,000 with the hope this would end the investigation.[36] In fact, when Fall told Smoot and Lenroot that he might have received it from several different sources and had included McLean's name among them, one of the senators stated, according to Fall, that if the ex-Cabinet officer would tell the committee that newspaperman McLean was his benefactor, the taint of oil would be removed from the money, and "such an answer would blow

[34] *Leases Upon Naval Reserves* (1923–24 hearings), pp. 1, 27, 2017–2020, 2058; *Congressional Record*, 67th Cong., 2d Sess., pp. 5792, 6041 (April 21, 28, 1922).

[35] Deposition of Fall taken in El Paso, March 29 to April 1, 1928, for the Sinclair conspiracy trial. Copies are in Teapot Dome File, National Archives, and in the Library of Texas Western College, El Paso.

[36] *Leases Upon Naval Reserves* (1923–24 hearings), pp. 1429–1433, 2374ff.; *Congressional Record*, 68th Cong., 1st Sess., pp. 3230–3233, 3319–3320 (Feb. 28 and 29, 1924). Memorandum by Fall concerning the writing of the letter of Dec. 26, 1923; and Fall to Henry A. Wise, July 1, 1925, Fall Family Papers. Senator Thomas J. Walsh to David F. Pugh, Dec. 13, 1927, Thomas J. Walsh Papers, Library of Congress.

Walsh out of the water and stop the entire proceeding." Fall stubbornly replied that he did not intend to give any information at all to the committee about this part of his personal affairs.[37]

On the night after Christmas of 1923 important callers had come to Fall's Wardman Park apartment in Washington, and had found him sick in bed. Among them was Will H. Hays, who had been the Republican national chairman in the 1920 election and afterwards Postmaster General in the Harding administration. Hays had reason for great concern because Sinclair had donated at least $160,000 for the retirement of the 1920 Republican campaign debt, and much of that sum had come from the same group of Liberty Bonds Sinclair had used to buy the one-third interest in Fall's New Mexico ranch. This was the largest single contribution given by any Republican in the country, and had been offered at about the same time the Senate committee began uncovering the damaging details of Fall's finances. The proximity of these two events led Senator Walsh to speculate afterwards that Sinclair's generosity might have been inspired by the oilman's "dire need of friends at court." Evidently Hays was now worried lest the investigating committee expose the details of the Republican Party's financial arrangements and somehow link them to Sinclair's money transactions with Fall, thus creating a landslide of criticism which would not only crush Fall but other prominent Republicans and the party's hopes for the 1924 election as well.[38]

In a long and spirited discussion that night in the Wardman Park Hotel, Hays urged Fall to end the probe into his financial affairs. Sinclair was probably present also to offer his pleas to the bedridden Fall. Finally Fall dictated a letter to the committee saying he had obtained the money in question from McLean.

Although Fall always maintained he had dictated all of the letter, and that it was not composed for him by some of those in his apartment that night, Hays, Sinclair, and a Sinclair attorney were probably hovering over his bed as he dictated.[39] The next day the letter, transmitted by an unknown hand, turned up as the first topic of

[37] Memorandum by Fall concerning the writing of the letter of Dec. 26, 1923; Fall to Henry A. Wise, July 1, 1925, Fall Family Papers.

[38] *Investigation of Activities of Continental Trading Co.* (1928 report).

[39] Fall to Henry A. Wise, July 1, 1925. In an unpublished manuscript, dated 1941, Mrs. Fall, who was there, said the others present besides Hays when the letter was written were Sinclair and one of his attorneys, G. T. Stanford, and a stenographer; Fall Family Papers. See also deposition of Fall for Sinclair conspiracy trial, 1928.

business for the investigating group. This became the turning point of the probe. As Senator Walsh remarked, ". . . the knowing ones smiled incredulously at the idea of Ned McLean's having such a sum of money at hand to loan, though rich in property, or of his loaning it if he had it."[40] When the Senate committee revealed that Fall had lied about his finances, this cast a sinister light on every aspect of the naval oil transactions, and the Teapot Dome scandal spouted up.

This great lie cost Albert B. Fall everything. Just why a shrewd politician would take such a chance is unanswerable. Undoubtedly he thought it was the easiest way out; that is, it would end the inquiry. The pressure from his Republican friends and Sinclair, his adherence to the frontier ethics of protecting a "pardner," Doheny, who was then engaged in a giant fund-raising campaign for the formation of a new petroleum company,[41] and his serious illness at the time no doubt influenced his action. After his bribery conviction in 1929 he explained the letter as an attempt to prevent political abuse from pouring in upon the administration of his dead chief, President Harding, and to save the Coolidge administration from the same fate in the election of 1924:[42]

> In December, 1923, nearly ten months after I had retired from public life, I suddenly found myself assailed by my enemies with a demand to know where I got the money to buy the Harris ranch. I knew perfectly well, at that time that the Democratic leaders were preparing to wage war on the Republican Administration by making charges of general dishonesty. My friend Harding was dead. The new [Coolidge] Administration would not want to be burdened with my defense. I knew that if I disclosed that Doheny had loaned me the money an avalanche of political abuse would be let loose against the Republican Administration, against Doheny and against me. I knew the temper of the public press, and how it could be used under such circumstances from the floor of the Senate. I knew that under these circumstances my reputation would be defamed, and that I would be unable to adequately meet in the public press the charges against me. To avoid this calamity I made the unspeakable blunder of attempting to evade the matter by an untruth. I wrote the Committee I had obtained the money from McLean. I thus made a bad matter very, very much worse.

[40] Thomas J. Walsh, "The True History of Teapot Dome," *The Forum*, Vol. LXXII (July, 1924), p. 10.

[41] The parent organization, Pan American Petroleum and Transport Company, voted in November, 1923, to raise $20,000,000 for the establishment of a new subsidiary, the Pan American Western Company: *New York Times*, Nov. 28, 1923.

[42] From a statement by Fall for press release, Nov. 4, 1929, Fall Family Papers.

No matter what motivated him, it was one of the greatest mistakes of his life.

Just before going to jail in 1931, however, Fall was stigmatized with another transgression growing out of Teapot Dome. His accuser was no less than the President of the United States, Herbert Hoover, a friend during the Harding regime. Speaking at the belated dedication of the Harding Memorial in June, 1931, Hoover told of accompanying Harding on the trip to Alaska immediately preceding his death and of seeing "a man whose soul was being seared by a great disillusionment" because of a "dim realization" that he had been betrayed by friends holding positions of public trust.[43] In effect, Hoover implied that Harding had died of a broken heart, and thus indirectly saddled Fall with most of the blame because the former Secretary of the Interior's bribery conviction and pending imprisonment were then current news.[44]

This was not the first time there had been such intimations. In his book *Masks in a Pageant*, published in 1928, William Allen White had told of a clandestine conference between Harding and Fall's wife in Kansas City while the President was enroute to Alaska. No one seemed to know what Mrs. Fall said in the hour she was "closeted" with the President in the Muelbach Hotel's presidential suite, but Harding had appeared "perturbed and anxious" as he went to his speech that evening. With the benefit of hindsight White seemed to suggest some connection between this mysterious conference and Teapot Dome, which was revealed a few months later.

White also told of the arrival of a long, coded message from Washington which had greatly disturbed Harding during the return cruise from Alaska. Near collapse, but withholding the contents of this dispatch, Harding had kept asking Hoover and others aboard what a hypothetical President should do when he found his friends had betrayed him.[45] Several days later Harding died in San Francisco.

[43] The entire speech is in the *New York Times*, June 17, 1931.

[44] "People do not die from a broken heart, but people with bad hearts may reach the end much sooner from great worries": Hoover, *Memoirs*, Vol. II, p. 51.

[45] William Allen White, *Masks in a Pageant* (New York, 1928), pp. 431–433. In a later work, *The Autobiography of William Allen White* (New York, 1946), pp. 623–624, White stated that he was at the door of the presidential suite in Kansas City talking with Harding when Mrs. Fall arrived. See also White, *A Puritan in Babylon: The Story of Calvin Coolidge* (New York, 1938), pp. 238–240.

After President Hoover's speech at the dedication of the Harding Memorial in 1931, Mrs. Fall's secret conference with Harding in Kansas City and the message she had taken to him, if any, caused much speculation. Fall's wife maintained that her visit had been a pre-arranged social call, that she had not been alone with the President all evening, and that the naval oil leases had not been mentioned.[46] Soon after Hoover's address, Senator Arthur Capper of Kansas, who had been a guest in the presidential suite that evening and from whom White had supposedly obtained most of his information, publicly substantiated the main points of Mrs. Fall's version of the meeting, thus contradicting nearly everything attributed to him in *Masks in a Pageant*.[47]

Judson Welliver, a White House aid and White's principal informant on the events of the Alaskan trip, also disclaimed much of the information presented by White. He did confirm the appearance of a naval airplane with a communication for the President during the return from Alaska. But, although the message caused Harding serious concern, and the White House aid and Hoover had afterwards speculated whether it involved Teapot Dome, neither Welliver nor Hoover ever seemed to find out the contents.

Welliver was certain that the arrival of the secret message had not caused the President to go around asking his trusted advisers aboard what a President should do when duped by his friends, as reported by White. He theorized that White or someone else had this confused with a serious talk Welliver had with Harding in Washington before the departure for Alaska in which the President had revealed that a certain congressional leader and others he did not name had betrayed his confidence. This conversation had made a special impression on Welliver's mind because in it Harding had definitely declared he was going to seek a second term and state the case against his false friends to the people. Until then Harding's candidacy for re-election had been problematical.[48]

In his *Memoirs* Hoover tells about a conversation with a troubled Harding, before the naval airplane delivered the coded message, when the President said he had recently discovered a politically damaging scandal in the Justice Department involving one of his

[46] Mrs. Fall to White, Aug. 28, 1931, Fall Family Papers. Interview with Fall family in El Paso by A. B. MacDonald, *The Kansas City Star*, July 12, 1931.

[47] Capper quoted in *The Kansas City Star*, July 12, 1931; White to Mrs. Fall, Sept. 2, 1931, Fall Family Papers.

[48] Welliver to Mrs. Fall, May 16, 1938, Fall Family Papers.

old Ohio cronies, Jesse Smith. The President asked Hoover what he would do in such a situation, and Hoover said the scandal should be publicized. This may have been the origin of White's story about Harding nervously asking what a President should do when betrayed by his friends.[49] Significantly, however, neither Fall nor Teapot Dome appears to have been mentioned in Harding's talks with Welliver and Hoover.

On the basis of this evidence, circumstantial as it may be in some points, it seems fairly certain that Albert B. Fall and Teapot Dome had no part in Harding's death. The President died without learning the baser aspects of the oil deals, although there is little doubt he was a victim of the strains of the presidential office.[50] In fact, at the time of Mrs. Fall's visit to the Muelbach Hotel and the delivery of the coded message by the naval airplane, the Teapot Dome hearings had not yet started, and there was little indication that the inquiry would blossom into the sensational proportions of six months later.[51] Fall was in Europe advising Sinclair on Russian petroleum concessions; Senator Walsh was touring the Orient and then mending political fences in Montana. It is also significant that Harding's widow, the devoted "Duchess," who was with the President on the Alaskan trip and until he died in San Francisco, remained friendly with the Fall family, even after Teapot Dome erupted.[52] Mrs. Harding went to her death in November, 1924, probably believing implicitly in Albert B. Fall, just as did her husband.

But Fall's historical reputation does not rest on Harding's regard for him. The sensational revelations of the Senate investigation in the first months of 1924 came at the right time to get much fanfare in the presidential election of that year. Since then Fall and Teapot

[49] Hoover, *Memoirs*, Vol. II, p. 49.

[50] Navy doctor Joel T. Boone, one of the presidential physicians attending Harding at the time of his death, stated that Harding died of natural causes as a victim of the presidential office with no person nor single incident directly responsible: Boone to Mrs. Fall, July 20, 1939, Fall Family Papers. Colonel Edmund W. Starling, whose book, *Starling of the White House*, with Thomas Sugrue (New York, 1946), is not always a reliable source, claims that while he was assigned to the White House Secret Service detail, he acquired a letter from a person in the West warning about an impending scandal over naval oil leases. He maintains that he showed the letter to Harding in Washington, and that the President was badly shaken by it. See pp. 192–193.

[51] See Burl Noggle, "The Origins of the Teapot Dome Investigations," *The Mississippi Valley Historical Review*, Vol. XLIV (Sept., 1957).

[52] Florence Kling Harding to Mrs. Fall, Feb. 15, 1924, Fall Family Papers.

Dome have been eternally bound together, and this relationship has been reviewed again every four years. The Republicans have outlived the worst effects of Teapot Dome, but as long as the Democrats can use it to identify the Republican Party with corruption, and certainly as long as Herbert Hoover lives, Teapot Dome will live in political folklore for the use of spellbinding keynoters and other Bryanesque orators in political conventions and on campaign platforms.

By Cedric B. Cowing
ASSISTANT PROFESSOR OF HISTORY
AT UNIVERSITY OF HAWAII

Market Speculation in the Muckraker Era: The Popular Reaction

In the 1890–1907 period Populist-Progressive protests, public ignorance of the economic functions involved, and obvious abuses in the performance of those functions combined to produce a major peak of adverse opinion. Public protest shaped the course of stock exchange history through subsequent decades and yielded operator prototypes that have become classic Americana.

American attitudes toward market speculation and speculators crystallized in the muckraker era. By this time in our history, land speculation was a familiar story, but trading in futures, options, and stock was still an obscure matter to the average man. It was in these years, from 1890 to 1907, that farmers, journalists, and consumers became acutely aware of the small, powerful cliques that hovered over the brokers' ticker tapes. The reformers among them examined the markets and the traders. There were some legal results, but more significant was the improvement in ethics and the creation of some stereotypes that have endured through the years.

Agrarians were the first to attack the emergence of large-scale market speculators; they felt exploited when the traders adventured in commodity futures. They reacted, in rural states where they dominated the state legislatures, by passing laws against futures traders and stock promoters. The California constitution of 1879 forbade futures contracts. In the next decade many important grain and cotton states followed.[1] These crude state statutes usually remained unenforced and, as so often happened with such regulations, proved ineffective in reaching interstate operations

[1] Carl Parker, "Government Regulation of the Exchanges," *Annals of the American Academy of Political and Social Sciences*, Vol. XXXVIII (Sept., 1911), pp. 444–472. States that passed such laws were: Tennessee (1883); Arkansas, South Carolina, and Texas (1885); Iowa (1886); Michigan (1887); and Missouri (1889).

centered in the large cities. Finally the Hatch Anti-Option Bill of 1892 emerged, representing, like the Interstate Commerce Act five years before, a national demand born of frustrated state efforts; the difference was that the Hatch measure never became law. Yet even though the Hatch bill foundered in the parliamentary process and the Populist fever abated somewhat, resentment against futures trading continued and was revived by the general reformist spirit at the turn of the century — this aspect of Populism lingered on.

Louisiana inaugurated the renaissance by enacting an antifutures law in 1898; Massachusetts stiffened its definition of a gambling contract in 1901. A near-panic on the exchanges in 1903 produced a spate of new antifutures laws in agrarian states.[2]

In the 1890's America began to discuss, and tried to distinguish between, speculation and gambling. The first national discussions, the Populist-grain broker arguments over the Hatch bill, had been inconclusive, and it was more than a generation later before an acceptable distinction was drawn. In the interim, the nation's courts were called upon frequently to differentiate between a wagering contract, unenforceable in law, and a futures delivery contract, which exchange authorities claimed was legally binding even though in 90 to 97 per cent of the cases no delivery of the commodity was demanded or made. The courts repeatedly upheld the legality of the futures contract, however, because its wording indicated an intent to deliver.[3] Thus despite popular criticism of the futures mechanism, the grain merchants had the judiciary on their side.

The rapid accumulation of wealth in the 1880's and 1890's had given inevitable *nouveaux riches* characteristics to the Gilded Age. The more sensitive souls on the periphery — in the churches, colleges, and professions — grew more outspoken in their condemnation of the vulgarity and ethical decline that quick money was bringing. These critics were particularly distressed about gambling. The Reverend C. H. Hamlin, a Congregational missionary, tried to show the public the difference between speculation and gambling. The moral difference, he declared, depended on the size of the risk. For example, a man who borrowed 10 per cent on his capital was ethical, but one who borrowed twenty times his capital was a knave. A risk that was all risk and no work was gambling.

[2] *Ibid.*, North Carolina (1905); Georgia (1906); Florida, Alabama, Mississippi, and Montana (1908).
[3] *Ibid.*, pp. 467–472.

Needless risk was wicked; it led ultimately to physical degeneration, for it became an appetite like alcoholism and destroyed the nervous system. The minister bracketed the stock exchange and the "bucket shops," which accepted 3 per cent stock margins from the humble, with the racetracks then being legalized in some eastern states.[4]

Gambling had never been so widespread as it was in the United States during the Gay Nineties; this was the opinion of William Buckingham Curtis, editor and amateur sportsman. Writing in the *Forum*, Curtis asserted that the elements that had formerly wagered on cards and dice were extending their activities to horses, real estate, commodities, and stocks. Horse racing papers, for example, had increased from four to forty within a few years. Whereas our forefathers possessed intrinsic interest in the games they bet on — whist, hazard, écarté — the 1890's gambler was content to bet on things out of sight merely for the joy of gambling, said Curtis. Ninety per cent of market trading was gambling; options and futures trading was pure gambling. The sportsman-editor could see no skill in the market or the lotteries that were sweeping the nation.[5]

The United States and Australia, Curtis observed, were naturally addicted to gambling. It was, after all, a frontier vice, prevalent where social mobility was great and tradition was relatively weak. He warned legislators against trying to ban the impulse by law alone. "When legislators and moral reformers appreciate the nature of the vice, they may do more than simply change the habit from one form to another."[6] Curtis was inclined to "lump" these vices; he did not apparently perceive the more pernicious financial possibilities of stock speculation compared, for example, to racetrack wagering.

This advice went unheeded at first, but reforming journalists became bolder in their attacks on speculation as the century closed. Reformism was shifting from the agrarian to the professional classes, from Populism to Progressivism, and simultaneously the gamblers were shifting from the commodity pits to stock shares titillated by trustification.

The muckrakers, as the crusading journalists were to be called, came to center their fire on "bucket shops," the shady imitators of

[4] C. H. Hamlin, *Arena*, Vol. XI (Feb., 1895), pp. 413–416.
[5] William B. Curtis, "Increase of Gambling and its Forms," *Forum*, Vol. XII (Oct., 1891), pp. 281–292. For Curtis see *Who Was Who in America, 1897–1942* (1942) Vol. I, p. 287.
[6] *Ibid.*

legitimate brokers. The muckraking magazines added "bucket shops" to their list of social evils that was making three million readers indignant every week.[7]

In the anarchy of the Gilded Age, "bucket shops" had appeared in considerable numbers.[8] These establishments catered to small fry "speculators" who were reluctant to patronize, or were not aware of, the legitimate stock and commodity exchange members.[9] The "bucket shop" offered this type of patron very low margins, i.e., 3 per cent, and made it possible for him to trade in fractional lots, amounts below the trading minimums of the exchanges. The "shops" only pretended to buy and sell in the market; instead they merely booked the transactions and carried the risks of fluctuation themselves. Acting upon the axiom that "the public is always wrong," they assumed they could make a steady profit from the hordes of amateur "speculators."[10] Occasionally, of course, when the market entered upon a protracted upward (or "bull") swing, the customers (overwhelmingly "bulls") would win and the house would be threatened with collapse. Anticipating such a fiasco, the "shops" usually closed in haste, their proprietors disappearing and leaving the customers with claims they could not collect.[11]

These "shops" varied in their pretensions. The crudest captivated their clients with simulated quotes on fictitious stocks put on a revolving tape and a "private wire" system that extended only to the edge of the rug. Such places even accepted the money of children. Other "shops" went to great length to cast an aura of respectability about their business. They insinuated themselves into Wall Street in order to have the proper mailing address; they provided accurate quotes on real stocks and charged regular commissions. They did not readily admit that they did not execute orders through the exchanges, and called themselves "bankers & brokers." Some of these houses had many branches in the Cotton

[7] Cornelius C. Regier, *The Era of the Muckrakers* (Chapel Hill, 1932), p. 196.

[8] The term "bucket shop" is said to have originated in England c.1820. Street urchins made a habit of draining beer kegs discarded by the public houses. They took these dregs to abandoned shops and there imbibed. The practice was called "bucketing" and their rendezvous, a "bucket shop." The name was transferred to illicit brokers apparently because they too sought to benefit from sources too small or too unreliable for legitimate brokers to handle. John Hill, *The Gold Bricks of Speculation* (New York, 1907), p. 39.

[9] *Ibid.*

[10] Patton Thomas, "Bucket Shop in Speculation," *Munsey's Magazine*, Vol. XXIV (Oct., 1900), pp. 68–70.

[11] Hill, *Gold Bricks*, p. 39.

and Grain Belts; their salesmen were able to get much business by promising more than *bona fide* brokers could, including in some instances a refund when the client lost and decided to stop trading.[12] It was in these "shops" that many a boy was first intrigued by fluctuating values and rapid flow of money. "Larry Livingston" learned to "read" the ticker tape in Connecticut "bucket shops." Years later "bucket shop" proprietors all over the country learned to recognize Livingston on sight, and refused to handle his trades. His ability to "read" the tape always cost them money. As they told him, "bucket shops are for the ever-losing amateur." [13]

The muckrakers had respectable allies when they bore down on the nation's "bucket shops." The New York Stock Exchange and the Chicago Board of Trade were anxious, like the reformers, to shut down these "shops," which drained off much business they might otherwise obtain. In fact, the exchanges spearheaded the attack on the "shops" in many states. By a careful monitoring of their stock quotation service, and later by an agreement with Western Union, the markets were able to reduce the "bucket shops," because few could exist without a constant stream of prices to lure the customers.[14]

But "shop" operators fought back. Participation by the exchanges in the war on "bucket shops" provided the operators with a defense that had some popular appeal. They claimed their alleged offenses did not differ materially from the practices of exchange members. The markets, like the "shops," made no deliveries either; they were merely large shops trying to establish themselves as monopolies. The "shop" operators naturally claimed that the client was better off trading at the "shop"; he could limit his losses better, do business with much less money, and be charged smaller commissions.[15] In short, these "independents" resented the idea that their business was unlawful when they could see similar practices amply rewarded within the supposedly legitimate exchange fraternity. The cry of

[12] Thomas, "Bucket Shop in Speculation," *Munsey's Magazine*, Vol. XXIV (Oct., 1900), pp. 68–70.

[13] Edwin S. Lefevre, *Reminiscences of a Stock Operator* (Garden City, 1923), pp. 26–29. Larry Livingston was the pseudonym Lefevre gave Jesse L. Livermore, the famous Wall Street "bear."

[14] Merrill A. Teague, "Bucket Shop Sharks," *Everybody's Magazine*, Vol. XIV (June, 1906), pp. 723–735; Vol. XV (July, 1906), pp. 33–43; (Aug., 1906), pp. 245–254; (Sept., 1906), pp. 398–408.

[15] C. C. Christie, "Bucket Shop vs. Board of Trade," *Everybody's Magazine*, Vol. XV (Nov., 1906), pp. 707–713. Christie, known as the "Bucket Shop King," ran a large "shop" in Kansas City. Hill, *Gold Bricks*, p. 68.

monopoly was a formidable charge in parts of the Midwest and South at this time and independent "shoppers" could probably count on the sympathy of the local citizenry when they were pitted against glib city types that operated exchange members' offices and branches.

The "bucket shop" articles and exchange campaigns, augmented by agrarians angered by commodity futures trading, brought results in the form of state legislation. The grain states of North Dakota and Minnesota in 1905 prohibited "bucket shops" and the "bucketing" of orders. Arkansas and Nebraska followed in 1907. After the panic of that year, additional states sought to eliminate these operators.[16]

Thus the "bucket shops" declined during the Progressive Era, due largely to adverse publicity. They had a brief renaissance after World War I, however, when promoters saw the opportunity to separate the uninitiated from their Liberty Bond savings.

Except for the antibucket shop crusade, articles about market speculation were on the whole only mildly critical between 1895 and 1907. A *Munsey's* writer enthused over public participation in the 1899 boom. This time the public is profiting in Wall Street, he asserted. Roswell P. Flower, the ex-Governor of New York, he saw as the daring and "bullish" prophet of a "New Era"; he admired the major speculators for they stimulated Americans' faith in their economic future. Orders to buy were coming in from every hamlet despite the pessimistic fables the old "bears" were circulating in Wall Street.[17] In the *North American Review*, Charles A. Conant, a monetary expert, observed that stock prices reflected and were related to the direction of new capital; he was not apparently disturbed by the price gyrations caused by manipulators.[18]

In these years *The Independent* printed more pieces about Wall Street than the others and these were generally more critical. E. Dana Durand warned that both consumers and investors should oppose stock watering, as the practice resulted in monopoly profits

[16] Additional states were: Mississippi, New York, Oklahoma, Rhode Island, and Virginia, 1908; Kansas, New Hampshire, Iowa, and Tennessee, 1909. Parker, "Government Regulation," *Annals of the American Academy of Political and Social Sciences*, Vol. XXXVIII (Sept., 1911), pp. 464–467.

[17] H. Allaway, "The New Wall Street," *Munsey's Magazine*, Vol. XXI (April, 1899), pp. 3–19.

[18] Charles A. Conant, "How the Stock Market Reflects Values," *North American Review*, Vol. CLXXX (March, 1905), pp. 347–359.

for promoters.[19] Alexander D. Noyes, financial editor of the *New York Evening Post*, noted that "wash sales," i.e., the placing of simultaneous buy and sell orders through the same broker, had become common. When this was discouraged, manipulators found that "matched orders," buying and selling through two sets of brokers, was an easy way of fooling the public and unloading stock on them.[20]

William R. Givens in 1905 wrote "Does Wall Street Pay?" a typical article warning novices about the pitfalls of the "Street." He catalogued the amateur speculator's faults – buying high and panicky selling, taking small profits and big losses. Givens believed people were being hurt by losses in the market. Brokers are quiet about the 80 per cent who lose, he said. As the gambling spirit gains dominance in the exchanges, prices are much more susceptible to sudden decline than to sudden advance. Wall Street is a paying proposition only for the broker and the "insider," not for the average customer.[21]

A year later an article under the caption, "Confessions of a Stock Broker," appeared in *The Independent*.[22] The exposé purported to be an accurate account of practices at that time. The margin minimum was 10 per cent and the broker made about 1 per cent relending; 95 per cent of the business was on margin, and there was very little "short sale" business. The three partners in the New York house netted $22,700 apiece in 1904. The anonymous author claimed that the average broker wanted to see his customers prosper and stay active, for it meant more commissions for him. But the client usually assumed he was the exception to the rule, that he could win where his fellows had lost. The more ignorant he was, moreover, the more apt he was to pin his actual faith on the advice of the broker. Most brokers, this writer continued, knew they could not foretell so they had learned it was wiser to let the foolish amateur go his own way. He admitted that occasionally a broker tried to discourage a particularly foolhardy transaction, but

[19] E. Dana Durand, "Stock Watering," *The Independent*, Vol. LIV (Sept. 18, 1902), p. 2238.

[20] Alexander D. Noyes, *The Independent*, Vol. LVIII (Jan. 26, 1905), pp. 179–186.

[21] William R. Givens, "Does Wall Street Speculation Pay?" *The Independent*, Vol. LIX (Aug. 31, 1905), pp. 494–496.

[22] "Confessions of a Stock Broker," *The Independent*, Vol. LXI (Dec. 20, 1906), pp. 1465–1469.

maintained that in general, relations were more amicable if the client could not blame the broker for his losses.[23]

A sequel, "Confessions of a Stock Speculator," appeared just at the time of the 1907 panic. This anonymous author described his victories and defeats in the "Street." He said he was wiped out for good by the market repercussions of the San Francisco earthquake in 1906. Prior to that his fortunes had fluctuated violently during the peak years of corporate consolidation. Brokers, he believed, were not scrupulous enough in encouraging business, and financial writers were often well rewarded for the seemingly disinterested market advice they offered the public. Tips were calculated to mislead, and half a dozen giants really controlled the stock market, he concluded.[24]

But the most sweeping indictment of bankers and brokers emanated from the pen of Thomas William Lawson; this was a sensational exception to the aforementioned mild criticism. A speculator on the Boston Exchange – and with journalistic experience – Lawson gave the readers of *Everybody's Magazine* a lurid picture of financial oligarchy, which he dubbed "The System." [25] The gist of his allegation was that a small group of financiers dominated the nation's banks and corporations, that they used the public's bank deposits for their private advantage, and engaged in "dollar-making" by watering security issues and bribing financial news outlets. The Standard Oil trust – led by William Rockefeller (brother of John D.) and Henry H. Rogers – Lawson saw as the particular center of "The System" that was strangling American life.

Lawson was careful to explain that most contributors to the conspiracy were innocent; they were unwitting tools of a vicious system that had grown up with the trusts. As an example, he cited the fact that banks throughout the United States responded to a stock panic by authorizing the loaning of their funds to alleviate the credit stringency in Wall Street. While this was a customary banking practice, Lawson contended that it benefited "System" insiders by enabling them to buy up securities cheaper after the public had been "shaken out" by an inspired decline. After contriving a market slump and selling "short," the insiders could thus rely on an in-

[23] *Ibid.*

[24] "Confessions of a Stock Speculator," *The Independent*, Vol. LXII (March 21, 1907), pp. 669–672.

[25] His articles afterward appeared in book form: Thomas W. Lawson, *Frenzied Finance* (New York, 1905).

flux of "other people's money" to finance them for the recovery.[26]

Lawson's flamboyant and sensational style, together with his own career as a manipulator, created some doubt as to his creditability. Naturally Wall Street used this as a defense against the apostate. But undoubtedly most readers believed much of what he wrote; it coincided with traditional agrarian convictions. Some years later, Lawson's fellow Bostonian, Louis Brandeis, was to give a fuller and more temperate account of what bankers could do with "other people's money." And the Pujo Money Trust investigation of 1912 seemed to confirm the general validity of Lawson's charges.

Later, when the muckraking spirit had waned, Lawson tried to revive his war against the bankers and stock exchanges. In 1912 *Everybody's Magazine* again carried vituperative articles by the speculator.[27] The new series blamed the high cost of living on stock speculation. Ninety-nine per cent of market business is gambling, wrote Lawson. He advocated direct legal action to close the markets; he predicted revolution unless this was done. Lawson charged that gamblers robbed the public of two or three billion dollars a year, that citizens were paying interest on $40 to $60 billion of stocks and bonds that represented counterfeit value. He claimed that Taft, Roosevelt, and Wilson were all unaware of this prime evil.

Reaction in the East, the dominant section in financial matters, to the new Lawson onslaught was negative. The *Cleveland Leader*, *Hartford Times*, and *New York Sun*, while granting the truth of some of his earlier assertions, questioned his motives. One of them recalled that a few years before, he had urged the public to join him in a crusade against Wall Street by supplying money for a "blind pool." [28] Clearly Lawson's greatest impact was in the earlier period when muckraking was at its height and when his charges were more novel.

The periodicals really glamorized the markets in their exposés, but only a certain type of operator gained esteem from this side effect. The typical broker was pictured as pleasure-seeking and crafty, a nervous dandy with watery eyes and a muddy complexion;

[26] *Ibid.*, pp. 223–225.

[27] Thomas W. Lawson, "The Remedy," *Everybody's Magazine*, Vol. XXVII (Oct., 1912, to July, 1913).

[28] "Lawson's Remedy," *The Literary Digest*, Vol. XLV (Oct. 5, 1912); "Dr. Lawson's Panacea," *Current Literature*, Vol. LIII (Dec., 1912), pp. 647–648. A "blind pool" is one in which the contributors give the manager *carte blanche* to trade with their funds as he sees fit.

not the type that made a good family man; not the type an American mother would want her son to be. From 10 a.m. to 3 p.m. on weekdays he shouted and maneuvered on the market floor, but afterward he could be seen imbibing at one of several clubs. While he was generous outside of business hours, he preferred night life to his family and knew little aside from current affairs.[29]

In this period of bold speculation and financial coups, the great popular interest was in the independent traders. Market leaders became titans in the newspaper accounts and in the literature of the time. Although public debaters might disclaim an interest in personalities, the public was vitally interested in them. And here, as in so many places, personality was a key. On this basis market greats could be divided into two broad categories, the stereotypes of the "bull" – the optimist whose expectations were on the "long" or up side – and the "bear" – the pessimist who favored the "short" or down side.

The "bull" was a man most Americans could rapidly recognize and admire. Active and gregarious, he gave the impression of one who liked to get things done in a hurry. In his public statements he was bold or even defiant but at the same time he had an advanced sense of public relations. By instinct he knew the right words to use in aligning himself with the people and against their enemies – foreign investors, Wall Street, "the interests," bankers, and brokers. If these gentlemen hoodwinked their admirers now and then, the victims still admired such cleverness. Generally these men were builders as well as traders and they shared their great dreams of the future with an appreciative public. If they were from the West – and many were – they could gain additional sympathy in any struggle against Eastern interests, real or fancied. Probably the most famous of this type – the pied pipers of prosperity – were Roswell P. Flower, ex-Governor of New York, John W. (Bet-a-Million) Gates of barbed wire fame, Thomas Lawson, and later, in the twenties, William Crapo Durant, the General Motors boomer. Although different in most other respects, even Curtis Jadwin and Frank Cowperwood, the fictional financial heroes of Frank Norris and Theodore Dreiser, were alike in their ability to command

[29] Robert Stewart, "Metropolitan Types — The Stockbroker," *Munsey's Magazine*, Vol. XXI (1899), pp. 278–280; Edwin S. Lefevre, "Pike's Peak or Bust," *McClure's Magazine*, Vol. XVII (June, 1901), pp. 153–163; Earl Sparling, *Mystery Men of Wall Street* (New York, 1930), pp. 105–116, 240–245.

widespread admiration through boldness and constructive impulses.[30]

The typical "bear" type, on the other hand, aroused the public's antipathy more readily. Sly and often ascetic, cryptic in his public utterances, he never bothered to pretend that he had confidence in the public. He was usually simply a trader, an ex-broker perhaps, who lacked the glamor of the "bullish" doer. Although personally he may have been friendly and generous, the impressions he made on the public were the reverse; he seemed aloof, cynical.[31]

The "bears" did not know how to cloak their desire for acquisition with the mantle of the public interest. Therefore, although they inspired some awe around the "Street," they were bogeymen; any inexplicable decline in a stock was ascribed to their handiwork. They were the manipulators that the public feared and resented. Their dour personalities made it easy for the man in the street to assume that they, more than the others, were the "bears," the ones who gloried in dampening progress, who profited from the dissolution of overoptimistic dreams. Russell Sage and Hetty Green are extreme examples from the nineteenth century; James R. Keene, Jesse L. Livermore, and Arthur W. Cutten belong in the twentieth-century list.[32]

Thus the circumstances of the Muckraker Era put a largely adverse image of markets and speculators into the public mind — one that is still alive today. Of course after 1907 respect for traders improved somewhat with prosperity and increased self-regulation by the exchanges. But this gain in esteem was again reduced by the excesses of the twenties. The subsequent Great Depression was the traders' nadir; to the public of that decade they were discredited hucksters. Since then the memory of 1929, re-enforced by the New Deal security legislation, has brought stricter credit regulation, more stable markets, and more respect for brokers.

[30] Isaac F. Marcosson, "The Passing of the Plunger," *Munsey's Magazine*, Vol. XLIX (April, 1913), pp. 3–13; Frank Norris, *The Pit* (New York, 1903); Theodore Dreiser, *The Financier* (New York, 1912); Sparling, *Mystery Men of Wall Street*, pp. 3–44.

[31] Lawson claimed James R. Keene was very philanthropic. Lawson, *Frenzied Finance*, p. 80.

[32] Marcosson, "Passing of the Plunger," *Munsey's Magazine*, Vol. XLIX (April, 1913), pp. 3–13; Sparling, *Mystery Men of Wall Street*, pp. 3–44; Lefevre, *Reminiscences of a Stock Operator*.

By Robert A. Lynn
INSTRUCTOR IN BUSINESS ADMINISTRATION
AT MARYVILLE COLLEGE
MARYVILLE, TENNESSEE

Installment Credit Before 1870

Neither cash sale nor barter were adequate means for bringing a growing number of high-priced durable goods to the American consumer. The employment of installment credit facilitated the growth of a mass market for such products and provides an example of the utilization of an old commercial technique for a new purpose.

Nature of Installment Credit

Installment credit has behind it a full century as a popular device for facilitating retail sales of durable goods. It has achieved a status of importance in the American economy. Many of the goods frequently sold by means of time payments, such as household appliances and automobiles, are those which characterize a high standard of living. The roots of the institution are found in the 1850's, and they became extended during the next twenty years. It is the origins of installment credit which concern us here, namely, who used it first, how did they employ it, and what goods did they sell?

Installment sales are those in which the buyer makes a down payment of a part of the price and agrees to pay the remainder in stated amounts and at established times. Although the purchaser takes possession of the product immediately, default in payments permits the seller to repossess it.[1] The legal instruments employed to protect the interests of the seller are the conditional sales contract and the chattel mortgage. The conditional sales contract arises out of the common law contract, and its use antedates the establishment of installment credit.[2] The conditional sale has become more popular than the chattel mortgage, although in practice the difference between the two is difficult to distinguish.[3] In short, the legal

[1] Wilbur C. Plummer, "Social and Economic Consequences of Buying on the Installment Plan," Supplement to Volume CXXIX of the *Annals of the American Academy of Political and Social Sciences* (1927), p. 1.

[2] Willis A. Estrich, *The Law of Installment Sales* (Rochester, New York, 1926), preface and pp. 105–143. Cases involving slaves and horses in the early 1800's are cited.

[3] *Ibid.*, pp. 3, 77, 78.

mechanics were ready from the outset to introduce installment credit when merchants and manufacturers wished to do so.

Early Uses of Installment Credit

Two uses of credit in the real estate field before the mid-1850's established precedents for installment selling of manufactured goods. The first was the sale of public land on credit under the Harrison Act of 1800. Under this Act the buyer made a down payment of one-fourth of the price within forty days of the purchase; the remaining three-fourths of the price was payable in three equal payments due two, three, and four years after the purchase. The last three payments bore interest at the rate of 6 per cent. This credit system remained in effect until 1820.[4] A later development was the operation of building and loan associations. These groups offered the moderate income family a chance for home ownership by paying an amount (typically $7 to $11) each month which was approximately equal to the rental cost of the dwelling. The repayment period was twelve to fifteen years. By 1854 associations were active in Brooklyn, Chicago, and Boston.[5]

Besides such formal predecessors of installment credit, open book credit stood as a constant reminder of purchasers' need of an adequate deferred payment system. As some relatively expensive durable products gained rapidly in popularity in the 1850's, merchants and manufacturers called upon installment credit to meet this need.

Reapers and Allied Products

Reapers and other large farm implements were among the first products to be sold with a stated down payment and a plan for completing payments. One of the earliest firms to employ such a form of installment credit was that of J. H. Manny. Listing his address as Waddam's Grove, Stephenson County, Illinois, Manny published an advertisement in *The Prairie Farmer* in April of 1852. He offered "Manny's Patent Adjustable Reaping and Mowing Machine" for the following terms: "Price $135 half down, $130 all down." He also published letters from satisfied owners, one of whom declared Manny's reaper to be superior to those of McCor-

[4] Henry Steele Commager (ed.), *Documents of American History* (New York, 1938), pp. 185, 186, 227.

[5] A. Cummings, Jr., *Building and Loan Associations Their History and Design* (Boston, 1854), pp. iii, 7–11.

mick and Hussey.[6] Two years later Manny became more specific with respect to repayment of the unpaid portion of the price; he also changed his address to Rockford, Illinois. Prices were given: "Cash: $125 . . . Half cash & other half on Dec. 1 following: $135." [7] The practice of using a price differential between cash and credit sales was to become common in farm implements during this period.

The expansion of the business of J. H. Manny during the period of his pioneer credit advertising can be seen from figures given in an ad for John H. Manny's Reaper (by now manufactured by Talcott, Emerson & Co. of Rockford, Illinois) in 1859. The number of Manny machines built in successive three-year periods was as follows:

Years	Number of Machines
1850–1852	125
1853–1855	10,036
1856–1858	25,089

The same ad quotes prices "from $135 to $155 according to size and time of payment." [8]

J. S. Wright made another early credit offer in his advertisement of "Atkins Self Raking Reaper" in 1854. It is likely that listing of credit terms was in response to Manny's competition. This is suggested by letters attesting to the superiority of the Atkins machine over Manny's in the advertisement. Wright had a more expensive reaper and a more complex payment system; the cash price was $160, while the credit price was $175 with a $75 down payment, a $50 note payable upon successful trial, and a final $50 due on December 1. He charged interest on the credit sales, but he did not mention the rate.[9]

Manny and Wright were the first to advertise credit terms in the popular *Prairie Farmer*. In the middle 1850's most firms advertised reapers and other machines with no mention of credit: many did not even give prices.[10]

Advertisements of Cyrus Hall McCormick's reaper in *The Prairie Farmer* were conservative in layout and did not specify many

[6] *The Prairie Farmer* (April, 1852), p. 204.
[7] *Ibid.* (May, 1854).
[8] *Ibid.* (June 16, 1859), p. 382.
[9] *Ibid.* (Sept., 1854).
[10] *The Prairie Farmer* in May, 1854, for example, has three reaper ads without credit alongside the Manny offer cited above.

details. He said: "For my improvements, terms of warrantee and sale, and other matters of interest to farmers wanting machines, see large hand bills, which will be sent to applicants by mail."[11] One of McCormick's biographers quotes an advertisement which offered credit in 1848; price was $120 and the unpaid balance was due six months after the summer delivery.[12] Two other biographers say that McCormick's agents did not adhere very closely to these stated terms; they were often more liberal.[13]

Within a few years, credit offers were common in the farm equipment line. George W. Brown of Galesburg, Illinois, advertised Brown's Illinois Corn Planter in June of 1859 (rather late in the season to plant corn). His terms were $35 on an all-cash sale, and $38 for half cash and the other half the following November 1.[14] E. Danford in Geneva, Illinois, offered several models of reaper-mower units; on the $135 line, $60 was the down payment with a 6 per cent note, due November 1, 1859, securing the balance. He did not make a separate additional charge on time sales.[15] These examples will serve to illustrate the credit terms that helped sell much-needed machines to farmers. The problem was a clear one; the farmer needed the equipment before he received payment for the crop. Thus the installment system bridged the gap between the time when the need arose and the time when full payment was possible.

Sewing Machines

The sewing machine was another product which was sold with installment credit in the early period. This device, which appeared in practical form in the 1840's, made possible a great increase in productivity in the garment manufacturing field, both in the home and in the factory.[16] By the 1850's the sewing machine industry

[11] *Ibid.* (May, 1853).

[12] Herbert N. Casson, *Cyrus Hall McCormick His Life and Work* (Chicago, 1909), p. 79.

[13] Cyrus McCormick, *The Century of the Reaper* (New York, 1931), pp. 50–52. The author is the industrialist's grandson. William T. Hutchinson, *Cyrus Hall McCormick* (New York, 1930), pp. 362, 363.

[14] *The Prairie Farmer* (June 2, 1859).

[15] *Ibid.* (June 16, 1859).

[16] An interesting discussion of the machine's many uses appears in "The Results of the Invention of the Sewing Machine," *The Living Age* (July, Aug., Sept., 1877), pp. 187–190. For a full description of early Singer marketing see Andrew B. Jack, "The Channels of Distribution for an Innovation: The Sewing-Machine Industry in America, 1860–1865," *Explorations in Entrepreneurial History*, Vol. IX (Feb., 1957), pp. 113–141.

was expanding rapidly. The firm of Isaac M. Singer was one of the leaders; Singer's plant illustrates the industry's progress. In 1857 Singer settled a lawsuit with inventor Elias Howe and promptly expanded his operations by the purchase of a large and modern fireproof building on Mott Street in New York City. Of this building Bishop says: "This is one of the most perfect and most costly buildings for manufactory purposes ever constructed." [17] Two years later Singer expanded again, acquiring a five-story building on Delancey Street.[18] Prices of sewing machines during this period ran from $20 to $55 in the moderately priced lines, a sum within the reach of the average householder, but too much for him to pay easily in a lump sum.[19] Installment selling served the need for consumer credit.

Singer's appears to have been the pioneer firm in the installment selling of sewing machines. His patent litigation with Howe necessitated lawyers. He retained the firm of Ambrose L. Jordan in 1851 and was assigned Edward Clark, a junior partner in the Jordan organization. Clark soon left the law firm and entered Singer's employ. Singer was interested in the mechanical aspects of the business, and he found Clark an able manager of the company's commercial, financial, and legal affairs. It was Clark in 1856 who began installment selling.[20]

Singer, like other sewing machine builders, did not discuss terms in his advertisements. An 1856 advertisement in Springfield, Illinois, stresses the quality and utility of a Singer, but for specific information the reader had to write to the firm at 323 Broadway in New York for a free copy of the *I. M. Singer & Cos.' Gazette*, "a paper wholly devoted to the Sewing Machine interest." [21] Clark used a network of salaried agents throughout the country to sell his products. In the 1860's these agents ran newspaper ads for Singer machines, but they too avoided discussion of terms or even prices.[22]

[17] J. Leander Bishop, *A History of American Manufactures 1608–1860* (Philadelphia, 1866), p. 175.

[18] *Ibid.*, p. 175.

[19] In the *Peoria Daily National Democrat* of Dec. 11, 1867, the Star Shuttle Sewing Machine was offered for $20, $35 and $40. In Springfield, Illinois, a cabinet model Wheeler and Wilson machine is shown at a price of $55 in the *Daily Illinois State Journal*, May 22, 1860.

[20] Frederick G. Bourne, "American Sewing Machines," in *One Hundred Years of American Commerce*, Chauncey M. Depew, ed. (New York, 1895), Vol. II, p. 529. Bourne was president of the Singer firm in 1895; he describes the system as the "renting or installment plan."

[21] *The Journal* (Springfield, Illinois), July 25, 1856.

[22] G. B. Brown of Peoria, Illinois, "Shirt Manufacturer and Machine Agent,"

Clark's success with the firm resulted in his becoming president of the company in 1876, a post he held until his death six years later.[23]

Pianos, Organs and Melodeons

In the middle and latter parts of the nineteenth century the piano, and to a somewhat lesser extent the organ and melodeon, were prized by American families. Many couples regarded the piano as an essential possession.[24] It might easily be the most expensive of their goods aside from their home, since retail piano prices ranged from about $275 to $1500.[25] The melodeon, a type of reed organ, was fairly popular in 1860; prices ranged from $40 to $1000.[26]

In 1860 the census reported production of pianos and allied products as follows: pianos: 21,797; melodeons: 12,643; organs: 245.[27] Piano production in 1870 was reported as 24,306 by Bolles, and he estimated that figure would nearly have doubled by the time his *Industrial History of the United States* was published in 1879.[28]

Most successful piano manufacturers did not attempt to produce a full line of models throughout a wide price range; rather, they specialized within a relatively narrow price class. Henry Steinway's was a representative firm in the upper part of the price range. By the 1850's he had established himself as a quality producer.[29] By the middle 60's the factory of the prosperous Steinway firm occupied a full block on 4th Avenue in New York City, between 52nd and 53rd Streets. This plant was described as "one of the largest of its kind in the world." [30]

In 1860 Joseph Hale set up a piano factory in New York in which

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has such an advertisement in the *Peoria Daily National Democrat*, Sept. 3, 1867. It appears that these agents were explicitly permitted to offer customers any inducements they chose. (Jack, *op. cit.*, p. 130.)

[23] Bourne, "Sewing Machines," p. 529.

[24] James Parton, "The Piano in the United States," *Atlantic Monthly* (July, 1867), p. 82.

[25] Horace Waters, an aggressive New York piano dealer, offered a piano for $275 in the *Illinois State Register* (Springfield, Illinois), June 10, 1873. Prices in 1867 ranged from $450 to $1500 at retail according to Parton, "Piano," p. 82.

[26] *Manufactures of the United States in 1860; Compiled from the Original Return of the Eighth Census* (Washington, D.C.: Government Printing Office, 1865), p. clii.

[27] *Ibid.*, p. cxlvi.

[28] Albert S. Bolles, *Industrial History of the United States* (Norwich, Conn., 1879), p. 538.

[29] Alfred Dolge, *Pianos and Their Makers* (Covina, California, 1911), pp. 174, 175.

[30] Bishop, *Manufactures*, p. 171.

he manufactured instruments which sold at relatively low prices and in high volume. In his plant Hale assembled a fairly good piano from parts he purchased elsewhere. He sold many of his pianos to dealers who retailed them under their own brand names.[31] In 1872 Hale made 60 pianos per week; by about 1879 he had raised this to 150 per week.[32]

Installment credit began in the piano field in 1854. In the late summer of 1853 five different piano dealers located in a three-block area on Broadway in New York each advertised pianos "to let"; they were: Horace Waters, 333 Broadway; James Pirsson, 483 Broadway; Lincoln & Thompson, 441 Broadway; T. S. Berry, 297 Broadway; and N. P. B. Curtis, 447 Broadway.[33] The following year one of these dealers, Horace Waters, ran what was perhaps the first installment credit advertisement in the piano field. Waters offered several brands including Horace Waters; Hallet & Cummings, and Gilberts' Boudoir Pianos. He stated: "All of the above pianos wholesale or retail at factory prices. . . . To suit some purchasers monthly payments are taken." [34] In 1855 Waters reworded his offering somewhat, stating that his goods "Will be sold at prices that defy competition, for cash or satisfactory paper." [35] The Waters firm continued in business for some time, and later advertised in areas far removed from New York.

Other dealers soon followed Waters' lead. Some, such as Berry & Gordon at 297 Broadway, made an outright offer of installment credit: "Buying for cash we are able to sell at extremely low prices. . . . Newly improved model melodions [*sic*] with six octaves, for sale or let. . . . Monthly payments taken for part of the amount." [36] Judson & Munges, 518 Broadway, in 1856 offered pianos and melodeons to rent, "and for sale on monthly installments." [37] Two other dealers seem to have used the rental process as a sort of transition to actual purchase, which in effect was a type of installment selling. Haines Bros. & Cummings, 116 3rd Avenue, advertised instruments for sale, and "also new piano fortes to rent, with privilege of pur-

[31] Dolge, *Pianos*, pp. 180, 181.

[32] Bolles, *History*, p. 538. Bolles here estimates that total piano output (1879) was about 50,000 per year, or almost 1,000 a week; on this basis Hale had a significant share of the market.

[33] *New York Times*, Sept. 5, 1853.

[34] *Ibid.*, May 16, 1854.

[35] *Ibid.*, March 26, 1855.

[36] *Ibid.*, Jan. 30, 1855.

[37] *Ibid.*, May 1, 1856.

chasing."[38] J. M. Pelton later made a more explicit offer of this type: "Pianos to let — Haines Bros' Pianos to let at their manufactory, Nos 330, 332 and 334 2 d av Cor 21st st. Rent applied towards purchase if desired."[39]

Meanwhile the practice of installment selling was spreading to smaller cities in the interior of the nation. Two medium-sized cities in Illinois, Springfield and Peoria, will be used as examples of practices in piano credit. By the latter half of the 1860's two Peoria dealers were meeting the demand for pianos with plans to ease the burden which payment of the full price would have imposed. August Webber of 75 Main Street, who sold pianos and melodeons, made the following offer: "New pianos to rent on reasonable terms."[40] Two years later a nearby dealer, Nolte and Bacon at 81 Main Street, ran what appears to be Peoria's first piano credit advertisement. The firm was the agent for several piano firms, among them being both Steinway and Knabe, and for Mason & Hamlin organs. Nolte and Bacon stated: "Pianos and organs sold and payment received in installments."[41]

Springfield dealers appear to have been very slow in making credit offers or even rentals. George Chatterton, a Springfield agent for Steinway, Chickering and other pianos made the following offer in 1870; it was his community's closest approach to implying some sort of installment credit: ". . . I will sell [pianos] as low as the same can be bought in any city, East or West, and on more favorable terms."[42] Three years later Horace Waters, now of 481 Broadway in New York, made the following offer to Springfield buyers: "A GREAT OFFER! Horace Waters and Son of 481 Broadway, N.Y., will dispose of 100 pianos & organs of first class makers, including Waters at extremely low prices for cash, or part cash, and balance in low monthly payments."[43] He listed prices and offered a catalogue if the reader sent a stamp to cover postage. A week later, another local dealer, Dewitt's Temple of Music, gave prices of pianos and organs in his ads but did not attempt to meet the outside competition with credit.[44]

[38] *Ibid.*, Jan. 15, 1855.
[39] *Ibid.*, Feb. 2, 1857.
[40] *Peoria Daily National Democrat,* July 1, 1866.
[41] *Ibid.*, May 14, 1868. This was the advertisement's first insertion; it appeared regularly in later issues.
[42] *Illinois State Journal,* Jan. 6, 1870, p. 4.
[43] *Illinois State Register,* June 10, 1873.
[44] *Ibid.*, June 18, 1873.

The spread of credit in piano merchandising was persistent but slow. The piano introduced installment credit to metropolitan consumers, as the reaper did at about the same time to rural buyers. The sewing machine was presented to both groups on a time payment plan.

Furniture

There is reason to believe that furniture was also sold with installment credit by 1870. Yet advertisements of the period do not mention such credit terms, nor do they often give prices. One exception to this general rule was an offer of "Easy Terms" to "close a concern" made by a New York firm in 1856.[45] Despite the absence of credit offers in advertisements, statistics concerning chattel mortgages recorded in Illinois in 1870 indicate the presence of installment sales. In that year 5,065 such mortgages were given in the household goods group; a substantial part of this class must have been in furniture, especially since pianos and organs are in a separate group. The Illinois Bureau of Labor Statistics stated that these mortgages were usually given to merchants by consumers for part of the purchase money. The Bureau also said that furniture, pianos, sewing machines, and farm machinery were sold "on time."[46]

Reasons for the Introduction of Installment Credit

There is no single reason for the origin and extension of installment credit. There are, however, several forces which partially account for it. One is the mere process of industrialization which was gaining momentum in the middle and late 1800's. Factories produced more goods, and these reached a market that could afford more than bare necessities. Some products, like reapers and sewing machines, made possible great increases in farm and home productivity. Pianos were a luxury that more people could afford, particularly as lower priced ones became available. At the same time, especially cheap items, like a $40 melodeon, usually were not of sufficiently high quality to meet consumers' needs and wants, even though some people might have been able to buy them for cash. Installment credit let buyers select products of better quality than those they would have had to buy for cash.

[45] *New York Times*, May 8, 1856.

[46] *Fifth biennial Report of the Bureau of Labor Statistics of Illinois* (Springfield, Illinois, 1888), pp. xxv, xlviii, xcviii, xcix.

As these higher priced goods appeared in volume on the market, merchants saw the approach of a collection problem that their open book credit system could not solve. Collections had always been a problem; in 1826 C. B. Fletcher of Vandalia, Illinois, ran the following notice in the paper: "All persons indebted to the subscriber at the Vandalia store are requested to make payment on or before the 20th of the present month – Those failing to attend to this notice will find their notes and accounts placed in the hands of Wm. H. Brown for collection." [47] A few merchants solved the problem like W. B. Miller, a hardware dealer of Springfield, who sought to cut out credit sales entirely with his advertisement headed CASH CASH.[48] Most merchants, however, had to grant credit and meet the problems connected with it. A formalized system of credit in the sale of expensive items was needed to permit the merchant a reasonable margin of safety against bad debts.

The use of legal instruments which permit a routine procedure for repossession in the event of default is also a protection of the seller's interest. This was a useful remedy in the case of durable goods such as farm implements, sewing machines, pianos and furniture, which had fairly high resale values. Installment credit also met this need.

The problem of high fixed costs developed early in the sewing machine and piano industries as large and expensive factories appeared. This in itself would cause pressure to get sales in periods of low demand when excess capacity prevailed.[49] Installment credit may have been used to attain some of these added sales.

A final possible cause for the spread of installment credit is imitation. In the reaper field this seems to have been a factor in the spread of the practice. The proximity of the piano dealers on Broadway in New York must partly explain their adoption of the policy after it was established by Horace Waters. It is also noteworthy that Isaac M. Singer's sewing machine firm gave an address of 323 Broadway, New York City,[50] and Horace Waters' pioneer ads gave his location as 333 Broadway.[51]

[47] *Illinois Intelligencer* (Vandalia, Illinois), Nov. 11, 1826.

[48] *Illinois State Journal*, Jan. 4, 1870, p. 1.

[49] Pressure of fixed costs in the presence of unused productive capacity helped cause the rapid growth in installment sales of automobiles in the 1920's according to Plummer, "Installment Plan," p. 7.

[50] *The Journal* (Springfield, Illinois), July 25, 1856.

[51] *New York Times*, March 26, 1855.

The consumers wanted the new products which cash purchase could not provide them. Merchants and manufacturers wanted to maintain sales of their high-priced durable goods, but they also needed protection against bad debts and interminable waiting for payment. Certain enterprising businessmen used the innovation of installment credit, which had precedents in the past and which utilized established legal principles. Given the needs and the means to meet them, the ultimate spread of installment credit was assured.

BIBLIOGRAPHICAL NOTE

By August C. Bolino
ASSISTANT PROFESSOR OF ECONOMICS
AT SAINT LOUIS UNIVERSITY

The Vatican Film Library at Saint Louis University[1]

Although the Vatican Film Library at Saint Louis University has been described recently in such diverse publications as the London Times, Osservatore Romano, Time, The American Historical Review, *the* Saturday Review *and the* National Geographic, *it has never been explored fully by the scholarly world. The object of this article is to describe the extent of the microfilm collection at Saint Louis University, to provide some guides to the use of the manuscripts, and to indicate some possible areas of fruitful research in business and economic history.*

I

In its modern form, the Vatican Library in Rome was founded in 1450, when Nicholas V ordered that 1,500 volumes be assembled. Prior to that date, papal archives and manuscript collections existed, but at various times this great heritage was lost, stolen, or even sold. For example, during the reign of Gregory XII (early fifteenth century), 33 codices and a triple tiara were sold for 562 florins.

From the single room established by Nicholas V, the prints overflowed into the quattrocento halls built for Sixtus IV. Soon they encroached on the famous Sistine Hall of Sixtus VI and even into the Urban VIII Gallery. Additional buildings and conversions of buildings have continued to the present, so that today there are 60,000 codices, 700,000 printed books, over 7,000 incunabula, and 100,000 maps, drawings, and diagrams.

The idea of filming portions of this priceless collection first came

[1] I would like to offer many thanks to Mr. Charles J. Ermatinger, Director of the Vatican Film Library, Saint Louis University, for all the aid he has given me in the months I worked on the manuscripts. He willingly gave his time and graciously allowed me to use his article and mimeographed material which he prepared as a framework for this bibliographical note.

to Father Lowrie J. Daly, S.J., Professor of History at Saint Louis University, in the spring of 1950. Fr. Daly suggested to Fr. Paul C. Reinert, S.J., President of the University, that the documents in Rome should be filmed not only for preservation, but also to make the manuscript treasures available to American scholars.

During the following months, negotiations were carried on with Fr. James Naughton, S.J., first American ever to hold the office of Secretary of the Jesuit Order. Fr. Naughton was helpful in securing the blessing of the Holy Father, with the result that in November, 1950, Fr. Reinert wrote the formal request in Latin to the Most Reverend Abbot D. Anselmo Albareda, Prefect of the Vatican Library, setting forth the ideal security and excellent location of Saint Louis University, its wide program of graduate studies, and the advantages which would accrue to American scholars from such a library. On December 15, 1950, the Prefect of the Vatican Library wrote an answer for the Pope granting the permission and making Saint Louis University the sole depository of these treasures.

In February, 1951, Fr. J. P. Donnelly, S.J., University Librarian, and Fr. Daly left Saint Louis for Vatican City. After preliminary arrangements were concluded, Fr. Donnelly returned to Saint Louis, and Fr. Daly remained in Rome to determine which of the manuscripts should be photographed. Many European scholars were called to assist in the selection of manuscripts, and after many duplications were eliminated, about 30,000 codices were chosen which the authorities believed to be the most important for scholarship in the Western Hemisphere – a codex being a bound volume with a varying number of pages.

While Fr. Daly was handling the technical details in Rome, Fr. Reinert began his search for financial aid; through his efforts, the plan became known to the Supreme Council of the Knights of Columbus. Mr. Luke E. Hart, a native Saint Louisan and a member of the Council, ably explained and championed the proposals with the result that the Knights agreed to underwrite the cost of the project. The vision and generosity of the Knights is clear when one considers that the real importance of the films was not as evident then as it is now. To implement the undertaking, the Foundation for the Preservation of the Historical Documents at the Vatican Library was established. Recently the name of the foundation was changed to the Knights of Columbus Vatican Film Library.

During the following months, the specialized equipment needed

for filming was obtained in the United States and shipped to Vatican City. Filming began in the fall of 1951, with Mr. M. E. Brand of Graphic Microfilm and Mr. E. T. Freel, then of Remington Rand, acting as technical consultants. Actual filming operations, however, were carried out by fifteen technicians with eight cameras and two developers. One positive copy is stored at the Vatican in Rome, another is on file at the Vatican Library at Saint Louis University, and the original negative is kept in a protected vault in the United States. When filming was completed in August, 1957, 8,734 rolls of microfilm were used (100 feet per roll), so that estimating 625 double pages per roll, there are now approximately 10.9 million pages of manuscripts available to scholars for research on all subjects. Of the total of 65,000 codices which were filmed, 16,000 were taken from the Vatican collection and 9,000 from the Barberini collection – these two comprising approximately 40 per cent of the total holdings at Saint Louis University. The total cost of the project is uncertain, although the amount which the Knights of Columbus has donated – $340,000 – is public information.

The entire project included only the microfilming of the handwritten volumes and did not encompass the archival collections or the printed books. In spite of this limitation, the future of research at Saint Louis University is practically unlimited. As Professor A. C. Crombie of All Souls College, Oxford, said:

> This must surely be the most important single addition ever made to the libraries of America, whose facilities are so admirable a feature of the life of scholarship there. The Pius XII Memorial Library will certainly become one of the main centres for all scholars interested in the history of Western thought.

II

Before using the Vatican Library, researchers should be cognizant of the guides which are available to expedite their search. Generally there are three types of guides, which should probably be used in the order they are presented in this article.

1. *The dictionary card catalogue of manuscripts of Latin and Greek materials.* Latin is here used in its broad sense to mean Latin type and includes all Romance languages, Slavic, and English. The predominant languages are Latin and Italian – the Italian dating from Dante to the present. The card catalogue was begun at

Vatican City in 1928 and today includes over three hundred thousand cards. The Vatican Library is the only one of the hundreds in Europe which utilizes the Dewey decimal system. The printed cards contain author, title, subject, and *incipit*. In addition to the *incipits* in the general card catalogue, there is a separate *incipit* card collection and two handwritten collections. One is a copy of the B. Hauréau collection in the Institut de France; the other is a copy of the "Schedario-Schmeller-Meyer" collection of manuscripts at Munich, Göttingen, and Brussels.

2. *Printed guides*. These are of many types and are very important, but they cover only about one-fifteenth of the manuscripts. Only a few collections have been completely catalogued. The largest, however, are largely untouched. The chief reason for the dearth of printed material on the Vatican Library is simply that the Library was closed to the public until 1883. In that year, the great and enlightened Pope Leo XIII made the library public, ordered the *Sala Leonina* to be constructed, and directed that full-scale classification and cataloguing of the manuscripts should proceed. Although the group of volumes which were commenced in the pontificate of Leo XIII (1878–1903) are not as valuable as the later ones, they set the basis for all future cataloguing. Between 1885 and 1947, 26 index volumes were printed. The best of these were compiled under the direction of Franz Cardinal Ehrle, S.J. (Prefect of the Vatican Library, 1895–1914) and published from 1897. A list of these volumes may be found in the *Books Published by the Vatican Library, 1885–1947* (Vatican City: The Apostolic Vatican Library, 1947). Another more obvious reason for the shortage of printed material on the Vatican holdings is the very slow nature of the work. The three volumes on the Urbino collection took 20 years to compile.

Of the existing bibliographies, the following may be noted as being especially valuable to scholars. Since the majority of Vatican manuscripts were written between 1450 and 1600, Paul O. Kristeller's bibliography is most cogent. On pages 311–313 of his "Latin Manuscript Books Before 1600: A Bibliography of the Printed Catalogues of Extant Collections" (*Traditio*, Vol. VI, 1948), there is a list of bibliographies on Vatican collections. Another excellent reference is the Charles J. Ermatinger article, "Catalogues in the Knights of Columbus Vatican Film Library at Saint Louis University," in the newly created journal *Manuscripta* (Vol. I, February, 1957, pp.

5–21). Bignami-Odier's guide is also a good general source: "Guide au département des manuscrits de la Bibliothèque du Vatican" (Mélanges d'archéologie et d'histoire, Vol. LI, 1934).

The following works are more specialized but good in their respective areas:

E. Tisserant, "I cataloghi stampati dei manoscritti orientali della Biblioteca Vaticana dall' 700 ad oggi," *Orientali*, Vol. V (1936), pp. 102–108.

V. Forcella, *Catalogo dei manoscritti riguardanti la storia di Roma che si conservano nella Biblioteca Vaticana* (4 vols.; Roma: Fratelli Bocca, 1879–1885).

G. Pertz, *Archiv der Gesselschaft für ältere deutsche Geschichtskunde* (1820 ff.).

C. Fish, *Guide to the Materials for American History in Roman and Other Italian Archives* (Washington, D.C.: Carnegie Institution, 1911).

Unfortunately, the printed catalogues do not contain very usable subject or author indices. The best index is found with the *Codices Vaticani Latini* but even these yield meager results. There is a fair index in the two volumes of *Codices Ferrajoli*, and the Capponi collection has a separate index: "Indice Degli Autori; Dei Volgarizzatori e Dei Titoli Anonomi" in *I Codici Capponiani* (Roma: Tipografia Vaticana, 1897).

Within these indices, the subjects "Historia" or the names of countries give fair results. But the most productive method in searching for historical references will be found in abandoning these indices in favor of extensive searches within the individually printed catalogues.

3. *Handwritten inventories.* Indices for the majority of codices are found only in the handwritten inventories. Although these inventories are very often undetailed, this third guide is invaluable because of the great scarcity of printed catalogues. The sets of inventories date from the sixteenth to the twentieth centuries and exhibit a great many forms and various degrees of precision and thoroughness. Very little has been done with these to date, so that it is fairly certain that research scholars will uncover valuable additions to knowledge from working this area. As an aid in the use of guides 2 and 3, the following table has been prepared by the staff of the Vatican Library at Saint Louis University. The table indicates which groups of manuscript codices have been described in printed catalogues and which groups have been indexed only in handwritten catalogues.

Collection	Latin MSS Printed	Catalogues Handwritten	Greek MSS Printed	Catalogues Handwritten
Barberini		1–9807	1–590	1–593
Borghese	1–390			
Borgia		1–769 800 (no index)	1–27	
Capella				
Sistina Music	1–269	1–703		
Registers		1–299		
Capponi	1–286			
Chigi		1–3916	1–54	
Ferrajoli	1–736			
Ottobini		1–3394	1–472	
Palatine	1–921 (no index)	1–2022	1–432	
Pietro, S., Archivio di		458(?)		
Pius II			1–55	
Regina	1–500	1–2120	1–190	
Rossi		1–1195	(47 cod.)	
Urbino	1–1779		1–165	
Vatican	1–1134 1461–2059 9260–9294 9852–10875 10069–11150	608–9851 11710–12847 14501–14922	1–866 1485–1683	515–2402 (index for 1–1489,1963–2123)

III

We are now ready to investigate the important question, "What does the Vatican Library have to offer for research in business and economic history?" Some general statements may first be given as a partial answer, after which more specific references will be cited.

Beginning with Peter the Lombard on down to the eighteenth century, there are many Papal documents, bulls, reports from various areas and nations, lives of missionaries and church administrators as well as the lives of many cardinals and popes. The High Middle Ages are well represented in the vast collection on Thomas Aquinas, Duns Scotus, and Albert the Great. On the Renaissance, there is a manuscript concentration which is unequalled in the entire world. The Borghese collection, remnant of the library of the Avignon Popes, is a rich collection of texts in canon law and philosophy. The Palatine collection, located at Heidelberg before the seventeenth century, offers a complete medieval and Renaissance library on all branches of learning. Diaries, personal letters, political dispatches, and state papers help to resolve the economic conflicts

of the Reformation Era. For example, there is a collection of letters from Henry VIII of England (*Codex Vaticanus Latinus* 6210) and an excellent compilation of writings by Cardinal Pole (*Codex Vaticani Latini* 5969–5972).

Economic historians will also find a great abundance of material from the Thirty Years War to the French Revolution. In the Barberini collection, there are 3,000 bulky volumes of ecclesiastical and political documents pertaining to Western Europe in the seventeenth and eighteenth centuries. Codices 6559–9807 contain thousands of documents and dispatches between the Papal States and other European countries.

The social historian will also find much to interest him in the Vatican Library. The laws and statutes of the labor guilds are treated in *Codices Vaticani Latini* (8888). A study of population figures for Italian cities in the decade after 1630 is found in *Codices Barberiniani Latini* 5050–5100.

The following precise references offer only a sketch, yet they denote some important sources in problem areas that have concerned students of business history.

1. *Merchants, contracts, and merchant law.* Students in this field will be delighted with the Vatican holdings on these subjects. Citations on merchant princes, usury, and the law of restitution are plentiful, such as:

ARS MERCATORIA-CONSTITUTIONES, Ross. 805 (s. XV), ff. 121v.–123.

Philippi II decretum de mercatoribus, 29 nov. . . . , Urb. lat. 1115 (1596), f. 653.

Instrumenta contractuum in civitate Perusina factorum maxime de pecuniis creditis, Vat. lat. 828 (s. XIV), I, 141.

Instrumenta duo venditionis aut emptionis, Vat. lat. 934 (s. 1407–1410), f. 194v.

Milano-Comunita Dei Mercanti Teutonici-Privilegi, Ross. 665 (s. XVI), ff. 1–66.

The writings of the new merchant class in Genoa, Venice, and Florence from the thirteenth through the sixteenth centuries discuss such topics as family partnerships, the organization of business, the dangers of transporting commodities, the distribution of profits, and the regulation of business. For example:

GENOVA-STORIA–1402, . . . quod translationem mereium propter pericula, quae in itinere oriebantut a Saracenis, Mare infestantibus et

a bello . . . Vat. lat. 2664 (aa 1401–1406), ff. 187r–191r; 180–182r.

Loredan, Giacomo, Podestá di Padova, 1460–62 . . . Paduae de nullitate venditionem, novite facturum per gubernatores introitum et proviseres super rationibus camerarum . . . Vat. lat. 13678 (s. XV), f. 29.

Bardella, Pietro, di Firenze, mercante in Roma, 1403 (Instrumentum dilitationis ad solvendum . . .), Vat. lat. 2664 (aa 1401–1406), ff. 193–206v.; 106–107v.

A very large number of merchant houses are represented in the various collections. Among the important ones are: Fuggers, Welsers, Bardis, Peruzzis, Strozzis and Medicis.

2. *Banking and Finance.* The Vatican Library can also contribute much to the knowledge of these subjects. The origin, organization, and management of early banks is recorded, as well as the history of the cooperative banking centers (*montes pietatis*) for the poor. Several items also relate to the history of coinage: For example, FINANZE, SCIENZA DELLE, Modi da far denari trovati da Republiche, Re. Imperatori, Duchi et Capitani Medi, Persi, Egitti, Latini . . . Urb. lat. 860 (s. XVII), ff. 111–135. But perhaps the most important single accumulation of financial records is the thousands of pages dealing with payments and receipts to and by bishops and local administrations. In this category, the tithe records for previous centuries form the basis for studies in government taxation. The tithes were imposed on most properties except charitable institutions such as hospitals and poor houses, and receipts were used to maintain services within the local units. (More will be said concerning tithes in a later section.) Just a pair of references on local finance will suffice to illustrate:

Germania Finanze-s. XVI, Entrate di tutti li stati . . . L'arcivescovo di Maganza soleva havere 60,000 fiorini . . . Urb. lat. 849, ff. 204–216.

Spagna-Adelentadi-Finanze, 1581, Nota di tutti li titolati di Spagna con le loro carate et rendita . . . De tutti gli arcivescovati et vescevati et loro entrate . . . Urb. lat. 829 (s. XVI–XVII), ff. 603–620v.

Another highly interesting compilation of financial records is the collection of *avvisi* of the second half of the seventeenth century. These precursors of the modern newspapers were gathered to keep Ulrich Fugger, banker of Austria, informed of what happened in Italy and in foreign countries where Italian ships docked. Again just two illustrations are necessary to emphasize the importance:

Fugger, Johann Jakob, 1516-1576 (Avvisi di Augsburg, Frankfort a.M., Francia, Torino, Genova, Bruxelles, Ferrara, Innsbruck, Costanti-

nopoli, Trento), Vat. lat. 6277, ff. 12; 12v.; 21–24; 38–39; 74v.–75; 82–82v.; 75v.–76; 76–77; 78; 80–81v.

—— (Avvisi di Venezia . . . anche da varie localita "d'Italia" e d'Europa . . .), Urb. lat. 1039, ff. 1–408; 1040, ff. 1–670v.; 1041 ff. 1–561v.; 1042, ff. 1–515v.

3. *West Indian and South American treasure.* Persons interested in the price revolution, inflation, treasure, specie, trade with Spanish colonies, and types of transportation media will find much to occupy them in these manuscripts. The following suggest possible research areas on these and related matters:

Spagna-Possessi D'America-Importazione- 1584, Nota delle ricchezze venute di Spagna con le 52 navi dell'Indie . . . Urb. lat. 1052, ff. 395–396.

Relatione della portata (della mercantie) della flotta de terra-firma e nova Spagna . . . Urb. lat. 1081 (1612–1613), f. 454.

(Reditus et fructus hispanici ex India, an. 1626, Urb. lat. 1114, f. 406, 475.)

Oro, plata, peueria, perlas y otra cosas de Nueva Spagna (Habana et Cuba) que sellenan por la real armada . . . Urb. lat. 1116 (1598), f. 48.

Sobre el Tesoro de la India . . . Urb. lat. 1114, ff. 232–232v.

Allied to these references are a number of citations entitled *Missioni Cattoliche*, which are missionary documents giving economic facts on the population, organization, trade, and production of the missions.

4. *Commerce between nations and regions.* Under this classification can be found information on commercial treaties, economic relations between nations, commercial law, the Hanseatic League, east-west trade, and maritime economic history. Again, a small listing will be sufficient to suggest research topics:

Commercium and le commerce, Articules qui sont dau les traittez fait entre la couronne de France et d'Espagne . . . Vat. lat. 9224 (s. XVIII), f. 99.

Informatione della lega di Hansa, et del commercio, che ha con Inghilterra . . . Urb. lat. 814 (s. XVI–XVIII), f. 344.

Italia-Commercio con la Russia-s. XVI, Urb. lat. 832, p. I e II (s. XVI–XVII), ff. 252–362.

Ragguaglio delle cosa di Maluco, Cina et Giappone, mandato dal provinciale dell'India . . . Urb. lat. 816, f. 280.

Trattato di commercio fra la Santa Sede e la Lombardia Austriaca, Borg. lat. 44 (an. 1757), ff. 1–48v.

Turchia-commercia-s. XVI, Le capitulationi all imperatore di Francia (Enrico II) tradotte di Turco . . . Urb. lat. 1113 (s. XVI–XVII), ff. 524–539.

IV

In the presentation of a bibliographical article of this type, it would be improper to conclude without devoting some space to the massive and impressive work already completed and published by the Vatican Library in Rome. The writer refers to the printed series entitled *Studi E Testi* which was begun in 1900 by Fr. Ehrle and which by 1956 numbered 186 volumes. These are original studies based on the Vatican manuscripts and are taken "mainly from the vast manuscript material preserved in the Apostolic Library itself and in the Secret Archives of the Vatican." Number 100, *Indice Dei Nomi e Delle Cose Notevoli*, is an excellent index of all volumes printed to 1942.

The manuscripts listed in the *Studi E Testi* concern themselves primarily with literature, hagiography, church fathers, libraries, and art collections, but throughout these volumes there are numerous references to social customs, the economic environment, economic ventures, wars, and other events of interest to the economic historian. Some of the more useful ones will now be surveyed briefly.

Number 21, *Dispacci e Lettere di Giacomo Gheradi* (Roma: Tipografia Poliglotta Vaticana, 1909), offers a set of letters sent from September 11, 1487, to October 10, 1490, by Bishop Gheradi of Aquino who was papal nuncio to Milan and Florence (court of Lorenzo di Medici). These letters, which are well indexed (Dei Nomi e Delle Materie), provide excellent insights into the Italian political economy during the Renaissance. Volumes 48 and 73 are also general in nature. The former, *Scritte Inediti e Rari di Biondo Flavio* (Roma: T.P.V., 1927), written by an Italian humanist interested in history, contains a popular history of Venice which may be found in *Cod. Vat. Ottob. lat.* 1735, ff. 119–123v. The latter, *Statuti di Bologna Dell'anno 1288* (Citta del Vaticano: Biblioteca Apostolica Vaticana, 1932), written by Gina Fasoli and Pietro Sella depicts the communal constitution and communal budget of Bologne. In the constitution there are countless provisions on the tariff, navigation regulations, and port regulations. These are preserved in *Vat. lat.* 2669. More regulations of merchants are found in Volume 85, Book 12, which sets down in great detail the legal procedure for selling such items as fish, wine in taverns, candles, and even specifies the method to be used in raising cattle.

Many of the volumes deal with things financial. For example, Number 29, *Lettere Inedite di Gaetani Marini* by Enrico Carusi

(Roma: T.P.V., 1916), is a set of letters from Marini to G. A. Zanetti, a Bolognese numismatist, covering the period 1777 to 1790. These letters are significant on the history of coinage, besides offering many references to scholars of the times such as Fantuzzi, Garampi, Zelada, Borgia, and Biancini. In addition, *Vat. lat.* 9049 records the replies of Count Giovanni Fantuzzi, which deal largely with the French Revolution.

Taxation is also represented in the *Studi* and manuscripts. Volume 34 is a compilation of inventories of Lucca (Roma, 1921) and includes a record of revenues dating from the ninth and tenth centuries. Text number 144, *Taxae Pro Communibus Servitiis* (Citta del Vaticano: B.A.V., 1949), presents tax rolls from 1295 to 1455 showing the obligations and payments to the ecclesiastical bodies for the *servitiis communibus.*

The subdivision on "Banking and Finance" in the previous section mentioned the imposition of tithes on most properties in past centuries. Several volumes of the *Studi* pertain to tithe records. Number 58 is typical of these. Titled, *Rationes Decimarum Italiae nei Secoli XIII e XIV, Tuscia* (Cita del Vaticano: B.A.V., 1937), it presents the lists of tithe donors for the centuries stated and includes the dioceses of Florence, Fiesole, Siena, Pisa, Lucca. It would seem that these payments, in pounds and pence, offer a good opportunity to reconstruct prices, social standings, and other economic and social configurations in medieval Italy. Here is also a chance to study the organization of towns, since each volume presents a fairly detailed map of the city from which the tithes were collected. Volumes 60, 69, 84, 96, 97, 98, 112, 113, and 128 are more of the same, showing tithes of Abrruzzi, Venice, Sicily, Sardinia, and Latium. All of these are also for the thirteenth and fourteenth centuries.

V

The previous sections have attempted to emphasize the most fruitful methods and areas for doing research on business and economic history in the Vatican Film Library at Saint Louis University. Much has been done by European scholars to date, as the *Studi E Testi* indicate, and a great deal is being done by the faculty and graduate students of Saint Louis University, but far more remains to be investigated. With nearly 11,000,000 pages of manuscripts, largely unexplored, the fruits of future research will surely be bountiful. All scholars in all fields will profit by a search through

the manuscripts. The Vatican library is not a Catholic library; it is rather a library managed under Catholic auspices. All participants of all past controversies are represented in abundance; here is, then, a unique chance for economic experts to make new attempts to resolve old problems. Only by constant re-examination will historical truth prevail.

BOOK REVIEWS

Ford: Expansion and Challenge, 1915–1933. By Allan Nevins and Frank Ernest Hill. New York, Charles Scribner's Sons, 1957. Pp. ix + 714. $8.95.

The term "monumental" will undoubtedly be used freely to describe this second volume of the story of Henry Ford and his company, and it will be used justifiably because it is the only word that accurately describes the work. While it is not appreciably larger than the first volume, it is far more complex. Until 1915 Henry Ford's career followed a reasonably straightforward pattern. His struggle to get established as an automobile manufacturer and the achievement of mass production and the Model T gave clear points of reference. This volume has to carry the Ford Motor Company to the pinnacle that it attained just after the First World War, through the building of the Rouge plant, the death of Tin Lizzie, the Model A, and the impact of the Great Depression. It also has to devote a considerable amount of space to the variety of extra-curricular activities in which Henry Ford chose at this time to indulge: the peace ship, the candidacy for the United States Senate, the anti-Semitic campaign and the *Dearborn Independent*, Greenfield Village, aviation, Muscle Shoals, and others.

Welding all this into a coherent narrative, especially with a central figure as completely illogical as Henry Ford, has been no mean task, and the authors are to be congratulated on the success with which they have carried it out. They and their assistants are still more to be complimented on the exhaustive research that has gone into this book. Their organization and presentation of the resources of the Ford Archives should win them the gratitude of all economic historians. In addition, they have done a great service to historical scholarship by interviewing a considerable number of the surviving participants in the events they are narrating.

The mass of material that has been assembled has been presented with a scrupulous regard for the canons of scholarship. Nevertheless, in a study of this magnitude, there are inevitably items of interpretation which can be challenged. Drs. Nevins and Hill have pointed out the many and serious mistakes made by Henry Ford during this stage of his career, but they have developed an obvious affection for him (as practically all biographers do for their subjects) which occasionally leads them into the role of counsel for the defense. They never exonerate Ford, but they are likely to intimate that others have to share the blame. In the peace ship incident it is Madame Schwimmer; in the unpleasantness accompanying the acquisition of the Lincoln Motor Car Company it is Wilfred Leland; for the deterioration of Ford's labor relations, it is Charles E. Sorensen and Harry Bennett. In addition, the authors plunge vigorously into the Michigan senatorial campaign of 1918 with a clear conviction that their candidate was robbed. It is, however, a little unfair to say of Truman S. Newberry that "in the war with Germany he became a lieutenant-commander with a desk job as aide to a shore admiral." (P. 119.) Newberry had been at sea and under fire in the Spanish-American War as a member of the crew of the U.S.S. *Yosemite*, along with Henry B. Joy, Charles B. King, and Jonathan D. Maxwell.

In general, the defense of Ford is adequately balanced by dispassionate analysis of his failings. The one place where there is a suspicion of whitewash

is in the interpretation of Henry Ford's performance in the acquisition of the Lincoln Motor Car Company. Admittedly this was a tangled situation and accurate establishment of the facts is impossible because the basic agreement between Ford and Henry and Wilfred Leland was verbal. It is, however, somewhat bewildering to find the argument offered in behalf of Ford that the Ford Motor Company could make Lincolns more efficiently than the Lelands. This point can be conceded, but it is completely irrelevant. It is an argument against the existence of any independent automobile manufacturer. The central issue in the Lincoln case was what Henry Ford did or did not promise to the Lelands, and there is an overwhelming impression that whether he kept within the letter of his agreement or not, he definitely violated the spirit.

The treatment of Sorensen in this book is particularly interesting in view of the fact that his own memoirs have been recently published. The only real discrepancy in the two accounts is the one that might be expected; Sorensen does not fare as well at the hands of Drs. Nevins and Hill. He appears as a more positive influence on Henry Ford than he himself admits, and as a ruthless empire-builder at the Rouge. Edsel Ford and Harry Bennett are shadowy figures in this book, perhaps unavoidably. Edsel was given only limited opportunities to express his own personality, and the Bennett ascendency reached its height after the period covered in this volume.

For the business historian the most fascinating part of the book will be the duel between Ford and General Motors. Ford started from an apparently impregnable position: tremendous resources in financial strength and technical skill and a virtual world monopoly of the market for cheap cars. Yet, as the authors make clear, he was bound to lose. For all his intuitive genius, his cut-and-try methods were totally inadequate against the well-planned administrative organization and elaborate research methods of the Sloan regime at General Motors — to say nothing of the fact that Henry Ford's arbitrary dealings with his subordinates resulted in such men as William S. Knudsen and Norval A. Hawkins leaving him to make major contributions to the rise of General Motors.

The most astonishing part of the story is that the Ford Motor Company came out of the contest as well as it did. It is a tribute to the strength of the Ford legend that Henry Ford could create managerial chaos, get rid of his ablest lieutenants, bully his dealers, wilfully refuse to recognize change in consumer preferences, and still possess such a hold on the public imagination that people continued to take it for granted that he would go on working automotive miracles.

Another feature of the story which will repay careful reading is the expansion of Ford activities outside the United States. The contribution of Percival Perry (later Lord Perry) emerges clearly, along with the fact that Henry Ford's capriciousness created as many difficulties in this field as in the United States. There is also a careful analysis of Ford's dealings with the Soviet government.

I trust that Drs. Nevins and Hill will not take it amiss if I say that, despite their excellent work, Henry Ford remains essentially incomprehensible. They have made an exhaustive evaluation in their concluding chapter which is probably as clear a picture of the man as anyone is ever likely to present, but the contrast between his great achievements and his equally great deficiencies still defies orderly explanation. He is a less attractive figure in this volume than in

its predecessor, not because he is a different Henry Ford but because his arbitrariness and his prejudices hardened with age and he was unable to use his great power wisely. Yet with all his faults, he was a creative genius, and his impact on modern life fully entitles him to the elaborate study that Drs. Nevins and Hill are making. I believe that they have gone to the heart of the matter in a single sentence on the final page of their text: "Happily, the Ford Motor Company was far greater than its chief author."

John B. Rae

Massachusetts Institute of Technology

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United States v. *United Shoe Machinery Corporation: An Economic Analysis of an Anti-Trust Case.* By Carl Kaysen. Cambridge, Harvard University Press. 1956. Pp. xi + 404. $6.50.

The book reports the findings of the author on the antitrust suit against the United Shoe Machinery company. During the suit, the author served as an economic assistant to the trial judge, thus enjoying the interesting experience of applying economic analysis to the case.

The central problem of the book is to develop an economic analogue to the legal concept of monopoly. More specifically, since the Aluminum Case, the Second Section of the Sherman Act has been interpreted broadly so that liability will be found if "an enterprise which has acquired an overwhelming share of the market monopolizes by virtue of that fact, unless it can be fairly said that its monopoly has been thrust upon it, or is attributable to nothing more than superior skill, foresight, and industry." (Page 303.) The question raised is, what is the "economics" of this interpretation?

The analogue to monopoly suggested by the author is "market power." For its determination, three steps should be followed: (1) a proper delimitation of the market; (2) an analysis of the market structure; and (3) an analysis of certain aspects of market performance. The author asserts that a finding of liability under the Sherman Act would be appropriate if a firm possesses "substantial market power" as a result of deliberate policies.

The bulk of the book is a case story demonstrating the application of the above ground rules. Beginning with a comprehensive survey of the shoe machinery and the shoe factory supplies markets, the author shows that the United Shoe Machinery company occupies a highly dominant position in both markets. The high market power in turn leads to such monopoly practices as price rigidity and price discrimination. Needless to say, the net effect is inefficiency and distortion of consumer choices. Turning to the possible advantages of a monopoly, the author finds little evidence for economies of scale in the industry, and the United Shoe Machinery company exhibits no exceptional merits in "progressiveness and research." The company is therefore declared guilty of monopoly, and near the end of the book an elaborate scheme designed to reduce its market power is presented.

The book succeeds well as a comprehensive study of relevant economic issues in an antitrust case. However, it is obvious from reading the book that the author has set out to do more: to develop a framework free of the vagueness usually encountered in antitrust case decisions. The attempt is not successful. Little has been added in answering such fundamental questions as,

what is a monopoly? Or, is monopoly good or bad? Even if the pure economic theory were complete and applicable, it could not serve as more than a partial basis for reaching a legal decision in an antitrust case. And the book brings out, without offering effective remedies, many serious deficiencies in the theory and measurement of monopoly. For example, the author rejects the view that "an anti-trust trial (*per se* violations apart) should center on an analysis of all aspects of performance," because he finds no "clear standard for measuring progressiveness" and no method to weigh the results of "tests of progressiveness and other performance tests." (Page 19.) Yet, perhaps because market power is too evasive a concept, he has to fall back on market performance for most of his cues. Similarly, while the emphasis on "intent" by the legal profession is roundly chided, he has not been able to evade the fact that liability should ensue only if the monopoly is a consequence of deliberate policy. The difficult task of developing a sound economic theory and measurement of monopoly and of integrating it with legal and social theories still remains to be done.

T. Y. Shen

Federal Reserve Bank of Boston

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The Company and the Community. By Edward G. Nelson. Lawrence, Bureau of Business Research, University of Kansas, 1956. Pp. 433. $3.50.

This volume is an attempt to relate the growth and sustained life of the J. B. Ehrsam & Sons Manufacturing Company (the company) and the economic development of Enterprise, Kansas (the community). But this is not a business history in the usual sense. There is little emphasis on managerial decisions, price policies, or financial expansions; instead, the author enquires into the reasons why this particular company lasted so long in its very unusual location — the former center of the Abilene cattle trade.

As Dr. Nelson states in the preface, "It was soon discovered that the story of the company was also the story of the community and the region as they related to the agricultural and the industrial development of the United States," so that in developing the narrative, it was necessary to center on the "activities, sentiment, and associations of particular men."

The most important of such men was Jakob Ehrsam, the "decision-maker" of the family and the founder of the manufacturing company. Leaving Bannwyl, Switzerland, in August, 1867, he arrived in the Smoky Hill region of Kansas after brief stays in West Virginia, Missouri, and Illinois. In what is now Dickinson County, he constructed a woolen mill for Christian Hoffman, a countryman, and in so doing helped to develop an economic base for the town of Enterprise. After constructing a mechanism to transmit water power from the dam to the mill and maintaining and repairing the mill machinery for over ten years, Jakob acquired the property and in 1883 incorporated the J. B. Ehrsam Machine Company. Although this firm was bankrupt in 1897, Ehrsam retained ownership of the assets and in a few months he was operating a family partnership again. This type of organization lasted until 1902, when the J. B. Ehrsam & Sons Manufacturing Company was incorporated. This company still exists so that the Ehrsams have been engaged in manufacturing and selling mill machinery for nearly 83 uninterrupted years.

The history of the community is interwoven with the company history in a manner reminiscent of Dos Passos's U.S.A. Nelson has partially explained this disorganization by stressing that it was often necessary to backtrack in order to go to the beginning of a particular narrative. The story as it is told is highly interesting, but western historians will recognize it as typical of many towns of the plains.

In analyzing the old age of the Ehrsam Company, Dr. Nelson utilizes many tools which are commendable. There is a very serious effort to impute psychological and social characteristics to the cold, dead facts and statistics of history. The bulk of the book focuses on the Ehrsam family and their attempt to adjust and react to a new environment. Individual decisions were dependent on family relationships within the community, frontier environment. Family ties were stronger than differing economic or political philosophies, so that often business decisions were made within the framework of interpersonal relationships shaped by the clinging mores of the old-world, Swiss pattern of living. Thus, while the question of expansion and flexibility of plant has been discussed often by the members of the Ehrsam family, there has been no strong desire to make the company "large." True to the Swiss tradition, the family has been satisfied to stay in the market for specialized machinery thereby sacrificing all gains of mass-production methods.

Throughout the book, there are other examples of Dr. Nelson's attempt to integrate the social sciences. In explaining the firm's bankruptcy in 1897, he states, ". . . the corporation's weak financial condition was also a manifestation or symptom of numerous shattered and broken interpersonal relationships." (Page 283.) Elsewhere he says, "This individualism multiplied greatly on the Kansas frontier and left Jakob Ehrsam insecure to a considerable degree. . . . The socio-economic work of the region was being done as it was throughout the western world by lonely men with a high degree of individual insecurity. This individual insecurity was being reduced by overcoming the physical environment and by building a community." (Page 401.)

We may also praise the scope of the volume, for it is really several histories in one. In addition to the history of the company, there is presented the narrative of the development of the community and the region. The story of Kansas unfolds from the establishment of territory in 1854 to the height and decline of the Abilene cattle trade. Here is also found the coming of the railroad, the shift to steam, the consolidation movement, and the emergence of wheat. The references give but a hint of the general character of the volume. There such names as E. Dick, W. Miller, W. A. White, H. Commager, W. Webb, B. DeVoto, A. C. Cole, V. Clark, C. Beard, A. Nevins, H. Williamson, and even Adam Smith are cited.

But there is also much to criticize in *The Company and the Community*. While the highly literary prose style is good reading and enlivens the historical presentation, it sometimes skirts the boundary of precision. In recreating the events from letters, diaries, deeds and old newspapers, Dr. Nelson has given us a document of remarkable detail, but one which abounds in irrelevancies. One example will suffice: On page 72 we find, "The July sun was boiling hot; the air was humid and oppressive. Thirty-five head of cattle kicked up the dust as they plodded beside several wagons drawn by oxen. A pony trotted at the rear of the procession continually switching its tail in the

heat." This may be good prose, but it is difficult to imagine that it is taken from the letter which is cited as source. Sentences such as these make the book unnecessarily long. Moreover, Parts I and II which take up 152 pages might well have been said in a couple of short chapters. The J. B. Ehrsam Machine Company, which was established in 1884, is not taken up until page 227. This means that the book is loaded with "history" and not enough space is devoted to the "present" company, which dates to 1902. The author has failed to account for the major reasons why the company has prospered in recent times. In the final chapter, he does tell us that "General managerial ability played an important part in the firm's longevity," and that, "flexibility is another significant factor in the company's long life," but nowhere does he adequately substantiate these claims with specific examples of good management. In fact, only 70 pages are devoted to the years 1902 to 1935, when the narrative closes.

May I conclude by adding another voice of protest against the placement of footnotes at the end of the volume. The marginal inconvenience surely exceeds the marginal reduction in costs.

August C. Bolino

Saint Louis University

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Merchants of Wine: Being a Centenary Account of the Fortunes of the House of Gilbey. By Alec Waugh. London, Cassell and Company, 1957. Pp. vii + 135. 18*s*. 0*d*.

In 1857 two young English brothers, newly returned from service in the Crimea, opened a retail wine and spirit business in London. For assets W. and A. Gilbey had only the capital put up by a modestly successful older brother and the credit which his name won them. Reinvested profits and a series of sound decisions resulted in such growth that when, in 1907, the house commissioned Sir Herbert Maxwell to write a brief history of the business, it was accurately entitled *Half-a-century of Successful Trade*. Now, when the assets of the firm total ten million pounds, the story is retold and brought up to date by Alec Waugh, prolific author of novels and travel literature. The new book, pleasant to look at and to read, makes a useful addition to the all-too-brief list of histories of British firms in the liquor industry.

A key feature of the story is the leadership of Gilbey's in the introduction of mass retailing techniques in a field where hitherto the merchant had specialized in offering the upper class service as personalized as one's solicitor. At first Gilbey's concentrated on cheap sound imperial wines, and found them profitable. Then, in 1860, Gladstone ruined the trade in imperial wines by drastically reducing the duties on French wines. In the next year he altered the licensing laws to permit the sale of single bottles of wine and spirits by grocers and other "off-license" holders. The Gilbeys were the first to see in these two laws the possibility of a mass market for Continental wines and spirits in England. Doubtless it was gratitude, and addiction to Free Trade, which kept the partners loyal to Liberalism long after most other members of the liquor trade had gone over to Conservatism.

From the decision to identify Gilbey's with mass marketing, other developments flowed logically. To secure standardized products, and to eliminate

the middleman, the firm began to purchase in bulk directly from the Continent, and even bought a vineyard. The unexpected success of its large-scale campaign in 1912 to advertise its depressingly named "Invalid Port" led to the abolition of exclusive retail franchises. The foreign market was invaded successfully. The Gilbey brothers pioneered in shipping bottled wines to the Far East where their insistence that their salesmen know the local language was an exception to the alleged unwillingness of the late Victorian businessman to adapt himself to foreign conditions. Distilleries were built abroad while franchise arrangements with firms overseas provided for reciprocal distribution of products.

Mr. Waugh is much impressed by Gilbey's adaptability to changing times. When Englishmen discovered Scotch, Gilbey's bought distilleries in Scotland. When American bootleggers counterfeited Gilbey's gin, the firm introduced distinctive sand-blasted bottles. When increased death duties threatened to drain off capital, the partnership was transformed into a limited liability company. Despite this change, the company retained a family complexion that is positively Whiggish. All the present directors are family connections of the original partners. The one case where the family misread the auguries was when, having taken up tobacco as a sideline, it failed to anticipate the success of machine-made cigarettes.

Gilbey's latest history is written for the general reader — or drinker — and will seem disappointingly thin in many places to the researcher in business history. The latter will find, for example, little on the financial structure of the business and too little on the impact of changes in taxation and the licensing laws. The political activities of the partners are discreetly veiled in generalities. Nonetheless there is much information to be gained here in pleasant sips which leave as an aftertaste an appreciation of many of the problems and developments in British business during the last hundred years.

BASIL L. CRAPSTER

Gettysburg College

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Imprints on History. By Madeline B. Stern. Bloomington, Indiana, Indiana University Press, 1956. Pp. 492. $7.50.

Much has been written about the development of the American Frontier and of frontier life, but very little has been written concerning the printing frontier in America. That the printing frontier exercised an influence on American culture is seen through the pages of the *Western Repository* and other newspapers that were published by James D. Bemis throughout western New York State and elsewhere, as far west as Detroit.

While William Hilliard was the first man to recognize the important functions of a college bookstore, he extended its influence to the townspeople of Cambridge and later of Charlottesville. Not only was Hilliard interested in college textbooks, he imported many of the classics from London, Germany, and France during the first half of the nineteenth century. The influence of foreign books on American culture was extended by Ernst Steiger who catered to the immigrant, particularly from Germany, by printing foreign language books and newspapers. He attempted to facilitate the adjustment of foreign language people to the American way of life through a foreign language press.

James P. Walker and Horace B. Fuller, together, were publishers of many of Louisa M. Alcott's books. As editor of Merry's Museum, Miss Alcott extended her influence to the young children of America and in 1872 this magazine was merged into *The Youth's Companion.* Prior to the formation of the union of Walker & Fuller, the latter had been associated with the publishing of *Worcester's Dictionary* and of many children's textbooks, in fact, he worked with Brewer and Tileston, the oldest publishers of textbooks in New England. As the official printer of the American Unitarian Association, Walker & Fuller published and promoted many items of liberal thought, both religious and secular. They championed antislavery and the rights of women and children.

In the development of liberal thinking, John W. Lovell's publications championed women's rights and labor reform. Lovell was a keen competitor, pirated many items, but may have influenced the masses more than any other publisher through the media of his paper-covered books of convenient size at ten, twenty, and thirty cents a copy. They were biography, history, travel, and fiction, fifteen hundred in number by 1890. He boasted a sale of seven million books a year, carried four million books in stock, and actually published the works of Albert K. Owen. *Progress and Poverty* and *The Land Question* both by Henry George were published and promoted by Lovell. With the merger of several publishing firms in 1890, he established The American Book Company.

At a time when the South was struggling for greater recognition, John Russell appeared in Charleston, South Carolina, as the champion of Southern culture. *Russell's Magazine* made its first appearance along with *The Atlantic Monthly* in 1857. His motto, "by, for, and of the South," guided his editorial policy of books as well as of his magazine. Charles W. Clark was another supporter of the South and of State's Rights during the Reconstruction Era. As the Knight of New Orleans, he published books and newspapers that supported the cause of the Confederacy.

James Redpath is better known as the founder of Redpath's Lyceum Bureau than for his *Books For The Times,* in which he conducted a crusade for emancipation and union. One of his speeches in Cooper Union may have influenced *The New York Herald* to establish newsstands at street corners in 1883.

The first directory of the city of Chicago was published by Robert Fergus in 1839. He also published *The Illinois Medical and Surgical Journal* which was the first of its kind in Chicago for the newly established Rush Medical College. After recovering from his losses caused by the great fire in 1871, he became famous for his *Historical Series.*

Jacob W. Cruger joined forces with Francis Moore, Jr., in Cincinnati and moved to Texas where he campaigned for the annexation of Texas through the pages of *The Telegraph and Texas Register. The Register* became the first public printer of the Republic of Texas and later of the State of Texas and, as such, printed all of the State documents until 1877.

Not only did Anton Roman carry the printed page to California, he catered to children through the *Inglenook* and the *Golden Gate Series*; and textbooks and books for adults bore the Roman imprint. He is better known as the man who passed on to Bret Harte many of the tales made famous by that well-known writer. These stories were based on his experiences and contacts as a migratory seller mingling with miners, gamblers, prospectors, and traders.

George W. Childs is best known for his connection with the *Philadelphia Public Ledger*. His other outstanding contribution was as publisher of Elisha Kane's *Arctic Explorations; The Second Grinnell Expedition in Search of Sir John Franklin* that sold 650,000 copies and returned $100,000 in royalties to the Kane family.

Even though A. K. Loring was the publisher of the Horatio Alger success story books, he, himself, was finally forced into bankruptcy.

G. W. Carleton provided a humorous vein in the press at a time when it was much needed to offset the weight of a divided country during internecine strife and the following years of reconstruction. Artemus Ward, an itinerant showman, and Josh Billings, the lecturer, were quite different characters, but their wit and humor became a part of American culture.

The paperback dime novel was made popular by Elliott, Thomas and Talbot, who took advantage of the "Call of the Wild West" to publish a series of novels that transformed history into romance, drama into melodrama.

Frank Leslie's *Illustrated News* took advantage of the new Railway Age that started at Promontory Point, Utah, in May, 1869, and popularized illustrated journalism with a subject that was on everybody's tongue. Not only did he portray the West in all of its glory and excitement, its lawlessness and its frontier life, he was the first pioneer in railroad literature — literature for those persons who rode the rails.

FRANK W. TUTTLE

University of Florida

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Professional Amateur: The Biography of Charles Franklin Kettering. By T. A. Boyd, with Introduction by Alfred P. Sloan, Jr. New York, E. P. Dutton & Co., Inc., 1957. Pp. xii + 242. $4.50.

People who complain of the inarticulateness of the American businessman have reckoned without Charles Franklin Kettering — "Boss Ket," as he was known to a whole generation of men in the automotive and allied industries. While he is deservedly respected for his many important innovations and inventions, Kettering is admired above all as a colorful and articulate speaker, a man with something to say and the ability to express himself in crisp language with salty good humor. We can thank Mr. Boyd, who also knows how to express himself, for a highly readable portrait that does full justice to his subject and leaves his readers with the feeling that they too have known Kettering and witnessed his accomplishments.

The accomplishments are many, even though the average reader will probably discover that he has up to now been ignorant of their authorship. Kettering did not, like the Wright Brothers, introduce a new form of locomotion, or like Dr. Diesel develop a new means of motive power. Rather, his achievements have been in the realm of "tremendous trifles." The electrically powered cash register and the simple drawer-actuated register, invented in the 1905–1908 period when Kettering was chief chemist of the National Cash Register Company, may be "trifles" on the long page of history, but they provided the mainstay of that company's sales efforts for two decades and introduced much-needed simplification into the cash-accounting methods of every retail merchant, from the biggest department store to the smallest

corner grocer. Kettering's electric self-starter for automobiles, first installed on the 1912 Cadillac, brought new convenience to motoring and, by eliminating hand-cranking, made it possible for the lady motorist to appear on the scene. Engine knock, a barrier to the increased compression ratios needed for greater engine power and gasoline economy, was overcome by the discovery in 1921 that gasoline containing minute quantities of tetraethyl lead was a near-knockless fuel — a "trifle" that revolutionized the oil business, sired the Ethyl Corporation, and touched off a chain of fuel and engine improvements that make it possible for two gallons of today's gasoline to do the work that three gallons did formerly (a saving to the motoring public, Mr. Boyd calculates, of some five billion dollars a year!). There were other "trifles": the Delco lighting systems which first brought the convenience of electricity to isolated farms; Freon, the nontoxic, noninflammable refrigerating gas; light-weight, more dependable Diesel engines developed during the 1930's and since that time generally adopted as the most efficient motive power available for trucks, buses, and railroad locomotives.

Kettering did not of course develop all these things unassisted; we must not forget the "Boss" in his affectionate nickname, "Boss Ket." Kettering's career probably illustrates better than any other the development during the past half century of corporate-sponsored group research. Fifty years ago, at the time of his initial employment by National Cash Register, Kettering and one or two assistants were themselves responsible for all of that company's experimental work. This was still the case when Kettering broke away in 1910 and, with his own savings and those of a few friends, set up the Dayton Engineering Laboratories Company (Delco) to conduct research leading to development and introduction of new products. These new products inevitably brought the necessity for manufacturing them, an activity that was in spite of its profitability little to Kettering's liking. This conflict of personal interests was happily settled in 1919 by far-sighted officials of General Motors Corporation who offered to buy out the Delco manufacturing operations and set up Kettering and his research assistants as the General Motors Research Corporation (today the Research Staff of General Motors). From this point onward, Kettering's function was less that of the individual innovator and more the spark plug of ideas, the encourager of the discouraged, the indefatigable salesman to "sell" the results of his group's research and to preach always the necessity for progress, progress, progress.

From this, one might expect that Kettering has a number of interesting and illuminating things to say about group research. He has. Indeed, these observations, scattered through Mr. Boyd's text, are probably the most rewarding parts of this highly rewarding book. In sum, Kettering seems to be saying that organized research ("slightly organized chaos," he calls it) can at best lay the groundwork for happy accident. Little is known, really, Kettering says, so don't be bound by theory: "The destruction of a theory is of no consequence, for theories are only steppingstones . . . an ounce of experimentation is worth a pound of theory . . . a certain amount of intelligent ignorance is necessary to progress . . . all human development, no matter what form it takes, must be outside the rules — otherwise, we would never have anything new"; don't be afraid of failure: "Failing is one of the greatest arts in the world . . . once you've failed, analyze the problem and find out

why"; don't worry about duplication of effort in organized research: "It is not what two groups do alike that matters; it's what they do differently that is liable to count"; and lastly: "A problem is not solved in a laboratory. It is solved in some fellow's head. All the apparatus is for is to get his head turned around so that he can see the thing right." He is not impressed by the present state of scientific knowledge: "If we had to run ourselves for five minutes on what we know about ourselves, we could not do it." And his attitude toward nature and the universe is one of genuine humility: "Whenever anyone speaks of conquering Nature, what he really means is that he has got right down on his knees and done exactly what Nature wanted done under the circumstances. . . . We are simply professional amateurs. We are amateurs because we are doing things for the first time. We are professional because we know we are going to have a lot of trouble."

His also is a belief in "the 'double-profit system,' a reasonable profit for the manufacturer and a much greater profit for the customer." It is pleasant to record that this system has done well by Mr. Kettering; from some of the proceeds he has over the years helped needy boys to the college education which he himself obtained with great difficulty; assisted his home town of Loudonville, Ohio, by founding and nurturing small industry there; provided generous grants to Antioch College; created the Kettering Institute for Medical Research; set up the Charles F. Kettering Foundation to look for answers to two of his favorite questions ("Why is the grass green? Why can you see through glass?") — and practically everyone has heard of the Sloan-Kettering Institute for Cancer Research.

Thirty years of close association with Kettering have made Mr. Boyd an excellent Boswell; unlike Dr. Johnson's Boswell, Mr. Boyd is so self-effacing that he mentions himself not once in the entire book, and the reader who did not already know it would never guess the important role Mr. Boyd played in the discovery and perfection of tetraethyl lead. Such rare modesty should not be the subject of criticism; let us praise the thoroughly engaging, thoroughly engrossing book he has produced. The late Malcolm Bingay, editor of the *Detroit Free Press*, once remarked when considering the difficulty of writing about Kettering, "You might as well try to hold a handful of quicksilver." But Mr. Boyd has done it.

KENDALL BEATON

Port Washington, New York